

# Public Document Pack



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

Mr Dylan J. Williams  
Prif Weithredwr – Chief Executive  
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<b>RHYBUDD O GYFARFOD</b>	<b>NOTICE OF MEETING</b>
<b>PWYLLGOR LLYWODRAETHU AC ARCHWILIO</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>DYDD IAU, 14 MAI 2026 am 2:00 y. p.</b>	<b>THURSDAY, 14 MAY 2026 at 2.00 pm</b>
<b>YSTAFELL BWYLLGOR, SWYDDFEYDD Y CYNGOR AC YN RHITHIOL AR ZOOM</b>	<b>COMMITTEE ROOM, COUNCIL OFFICES AND VIRTUALLY ON ZOOM</b>
<b>Swyddog Pwyllgor</b>	<b>Ann Holmes 01248 752518 Committee Officer</b>

## **AELODAU / MEMBERS**

Cynghorwyr / Councillors:-

## **PLAID CYMRU / THE PARTY OF WALES**

Geraint Bebb, Euryn Morris, Margaret M. Roberts, *Sedd Wag/Vacant Seat*

## **Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP**

Gwilym O. Jones

## **LLAFUR CYMRU/WELSH LABOUR**

Keith Roberts

## **ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS**

Paul Ellis, Kenneth Hughes

## **AELODAU LLEYG / LAY MEMBERS**

Dilwyn Evans, Dr Geraint Jones, William Maund, William Parry

Please note that meetings of the Committee are streamed for live and subsequent broadcast on the Council's website. The Authority is a Data Controller under the Data Protection Act and data collected during this live stream will be retained in accordance with the Authority's published policy

## **A G E N D A**

### **1 ELECTION OF CHAIRPERSON**

To elect a Chairperson for the Governance and Audit Committee.

***Members' attention is drawn to paragraph 3.4.8.2.2 of the Council's Constitution which states that "The Chair must be a lay member and the Deputy Chair will not be a member of the Executive or an assistant to its Executive."***

### **2 ELECTION OF DEPUTY CHAIRPERSON**

To elect a Deputy Chairperson for the Governance and Audit Committee.

### **3 DECLARATION OF INTEREST**

To receive any declaration of interest by any Member or Officer in respect of any item of business.

### **4 MINUTES OF THE PREVIOUS MEETING (Pages 1 - 8)**

To present the minutes of the previous meeting of the Governance and Audit Committee held on 3 February 2026.

### **5 GOVERNANCE AND AUDIT COMMITTEE ACTION LOG (Pages 9 - 12)**

To present the report of the Head of Audit and Risk.

### **6 ANNUAL REVIEW OF THE GOVERNANCE AND AUDIT COMMITTEE'S TERMS OF REFERENCE (Pages 13 - 24)**

To present the report of the Head of Audit and Risk.

### **7 INTERNAL AUDIT UPDATE (Pages 25 - 32)**

To present the report of the Head of Audit and Risk.

### **8 OUTSTANDING INTERNAL AUDIT ISSUES, RISKS AND OPPORTUNITIES (Pages 33 - 44)**

To present the report of the Head of Audit and Risk.

### **9 EXTERNAL AUDIT: ISLE OF ANGLESEY COUNTY COUNCIL - AUDIT PLAN 2026 (Pages 45 - 70)**

To present the report of Audit Wales.

### **10 EXTERNAL AUDIT: ISLE OF ANGLESEY COUNTY COUNCIL - RECYCLING PERFORMANCE MANAGEMENT (Pages 71 - 88)**

To present the report of Audit Wales.

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**11     ANNUAL INSURANCE REPORT 2025/26** (Pages 89 - 100)

To present the report of the Head of Audit and Risk.

**12     REVIEW OF FORWARD WORK PROGRAMME 2026/27** (Pages 101 - 108)

To present the report of the Head of Audit and Risk.

*The committee's formal meeting will be followed by a private meeting between the committee's members and the auditors.*

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## GOVERNANCE AND AUDIT COMMITTEE

### Minutes of the meeting held in the Committee Room and on Zoom on 3 February, 2026

- PRESENT:** Mr Dilwyn Evans (Lay Member) (Chair)  
Councillor Euryn Morris (Deputy Chair)
- Councillors Geraint Bebb, Kenneth Hughes, Gwilym O. Jones, Keith Roberts.
- Lay Members: Dr Geraint Jones, William Maund.
- IN ATTENDANCE:** Director of Function (Resources)/Section 151 Officer  
Director of Education, Skills and Young People (for item 5)  
Head of Internal Audit & Risk (MP)  
Interim Legal Services Manager/Deputy Monitoring Officer (LL) (for item 4)  
Strategic Performance and Projects Manager (GP) (for items 9 & 10)  
Committee Officer (ATH)  
Support Assistant (Democratic Services) (Webcasting) (CH)
- APOLOGIES:** Councillor Margaret M. Roberts, William Parry (Lay Member)
- ALSO PRESENT:** Councillor Robin Williams (Deputy Leader & Portfolio Member for Finance, Corporate Business and Customer Experience), Carwyn Rees (Performance Audit Manager – Audit Wales), Rachel Freitag (Financial Audit Manager - Audit Wales) Head of Digital, Performance and Modernisation (IoACC) (for items 9 & 10), Principal Auditor (IoACC) (NW), Senior Auditor (IoACC)(AM).
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#### 1. DECLARATION OF INTEREST

No declaration of interest was received.

#### 2. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meetings of the Governance and Audit Committee held on 4 December 2025 were confirmed as correct, subject to amending the resolution under item 14 to read as follows, and to delete the reference to abstentions by Councillors Euryn Morris and Margaret M. Roberts:

**“It was resolved that the committee was unable to accept the conclusions of the Audit Wales report but noted and accepted that the Council will implement the action plan in response to the recommendations.”**

#### 3. GOVERNANCE AND AUDIT COMMITTEE ACTION LOG

The report of the Head of Audit and Risk incorporating the committee action log was presented for consideration. The report updated the Committee on the status and progress of the actions and decisions it had agreed upon.

The Head of Audit and Risk confirmed that since the previous meeting actions 10, 20, 26, and 27 have been completed.

In response to a request for an update on the development of policy guidance for the Council's use of AI (action no. 24 on the log), the Director of Function (Resources)/Section 151 Officer explained that following comments received on the draft policy, it has been decided to divide the original document into two separate policies - one covering the general use of AI (e.g. for queries) and another addressing the use of AI within the Council's formal systems and processes. Both policies have been reviewed by the Interim Data Protection Officer and Information Governance Manager and will be considered again by the Leadership Team at its meeting on 9 February.

**It was resolved to note the actions detailed in the action log table and to confirm that the committee is content that the actions have been implemented to its satisfaction.**

#### **4. AMENDMENT TO THE CONSTITUTION:FINAL APPROVAL OF THE COUNCIL'S ANNUAL ACCOUNTS**

The report of the Director of Function (Council Business)/Monitoring Officer which sought the committee's view on the proposed amendment to the Council's Constitution to provide for the final approval of the Council's Annual Governance Statement (AGS) by the Governance and Audit Committee in place of the Council, was presented for consideration.

The Interim Legal Services Manager/Deputy Monitoring Officer reported that the annual governance statement forms part of the Council's annual accounts and fulfils the requirement to publish a statement on internal control. She noted that the Council had recently approved changing the Constitution to delegate approval of the annual accounts to the Governance and Audit Committee to increase efficiency and meet the earlier authorisation deadline of 30 September 2026.

Welsh Government recommends that the Statement on Internal Control which for the Council is the AGS, is published when the unaudited accounts are signed and dated by the responsible financial officer which reduces the time available to address any matters raised by the Governance and Audit Committee and to produce an amended, accurate and bilingual version at a time when there are already pressures in preparing the accounts. If approval remains with the Council, the meeting scheduled for 9 September 2026 would need to be moved or an extraordinary meeting convened.

Delegating authority to the Governance and Audit Committee aligns the AGS approval timeline with that of the annual accounts, providing a more efficient process. The report will remain publicly available in the usual way, and when the draft AGS is published at the end of June, a copy will be circulated to all Members for comment.

**It was resolved to support the proposed amendment to the Council's Constitution to provide for the final approval of the Council's Annual Governance Statement by the Governance and Audit Committee in place of the Council.**

#### **5. ANGLESEY SCHOOLS ANNUAL INFORMATION GOVERNANCE ASSURANCE REPORT 2025**

The report of the Director of Education, Skills and Young People which provided the Governance and Audit Committee with annual assurance on the effectiveness of information governance and data protection in the Council's maintained schools during 2024/25 was presented for consideration. The report summarised key activities and outputs, identified risks, mitigation measures, future priorities, and an overall assurance opinion.

The Director of Education, Skills and Young People reported that during the reporting period, the Schools Data Protection Officer role was covered on a temporary basis (on average one day per week or more when required) due to the long-term absence of the substantive postholder. Due to the limited capacity, work has focused on statutory duties, incidents and high risk issues rather than proactive audit or development activities. The priority has been to maintain statutory compliance, manage live risks and incidents, provide consistent advice and support to schools and act as a central escalation and assurance point.

Based on the work completed, the temporary DPO offers reasonable assurance that schools generally have appropriate data protection policies and procedures in place. Day to day information handling is largely sound, incidents and breaches are being identified and managed appropriately and escalation routes to corporate services and the SIRO are functioning effectively.

The Director of Education, Skills and Young People also highlighted the strategic risks identified, confirming that they are recognised, proportionately managed and escalated where necessary. While key controls are in place to support ongoing compliance, they would benefit from further strengthening. The issues identified are consistent with previous reports and remain manageable with continued focus and appropriate resourcing.

In discussing the report, the committee raised the following issues –

- The long-term plan for ensuring capacity within the Schools DPO role
- The generalised nature of the report and lack of concrete data to evidence outputs, making it difficult to measure progress or improvement
- Whether issuing a reasonable assurance opinion despite identified strategic risks suggests that the threshold for reasonable may be set too low.
- The absence of quantified risks and overall lack of preciseness in the information presented.
- Concern that the 20% temporary replacement for the Schools DPO hours is inadequate with some members feeling that statutory compliance has been maintained more by good fortune than by robust oversight.

The Director of Education, Skills and Young People responded to the issues raised confirming that the Schools DPO remains a permanent post within the Council structure. The intention going forward is to stabilise the Schools DPO capacity and support more proactive assurance activity, bringing in additional support where required. The lack of detailed data in the report reflects the limited capacity during the period and the need to prioritise statutory and high risk work. He agreed to include the requested data and greater detail in the next annual report.

He noted that the temporary Schools DPO has drafted the report and has provided ongoing support for schools and that her reasonable assurance opinion is trusted. The report aims to set out clearly what has been delivered and the measures in place based on the foundations established by the permanent Schools DPO prior to her absence. The issues identified will be addressed following the meeting. He further acknowledged that an additional action arising from the discussion is to review how capacity and support for schools can be increased to return to a more proactive level of assurance.

**It was resolved that the committee notes the assurance provided by the Temporary Schools Data Protection Office's report subject to the understanding that the assurance relates to a temporary period, and that additional support will be provided during this period.**

## 6. TREASURY MANAGEMENT STRATEGY STATEMENT 2026/27

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Treasury Management Strategy Statement (TMSS) for 2026/27 was presented for the committee's consideration. The TMSS outlines how the Council will manage borrowing, investments and cashflow in the coming year and it supports the Council Plan, Capital Strategy and Medium Term Financial Plan. Its publication is required under the Local Government Act 2003 and CIPFA Prudential and Treasury Management Codes.

The Director of Function (Resources)/Section 151 provided an overview of the report outlining the economic context, the Council's current borrowing position and the proposed borrowing and investment strategies. He confirmed that external borrowing will only be undertaken when required and that borrowing in advance of need will continue to be avoided. Debt rescheduling will be considered only where it offers a financial benefit. Internal borrowing will continue to be used where cash balances allow, as this reduces interest costs. However, external borrowing is expected to increase as reserves decline.

He highlighted that the Capital Strategy sets out three scenarios – base, ambitious and ideal each of which increases the Council's underlying need to borrow. Tables 7a and 7b show the revenue implications for the General Fund and HRA under each scenario. The revenue impact remains manageable under the Base scenario but rises under the Ambitious and Ideal cases.

Regarding investments, the Council's priorities remain security, liquidity and then yield. The Council will only invest with low risk, highly creditworthy institutions, with daily monitoring of credit ratings. The Council's risk appetite remains low.

The Prudential and Treasury indicators set out in Appendix 11 to the report ensure that the Council's treasury management activities and capital investment plans remain affordable and prudent.

The Director of Function (Resources)/Section 151 provided the following clarifications in response to questions from the committee –

- Early repayment of some existing loans could remove high interest charges and reduce revenue costs. However, many PWLB loans carry early repayment penalties which can exceed the potential savings from refinancing to a lower interest rate. The position is monitored and kept under review.
- Quarterly treasury management reports and the mid-year review monitor the Council's performance against the prudential and treasury indicators, which set limits on the Council's borrowing and debt levels.
- The contract with the Council's treasury management advisors ends on 31 March 2026 and will be reviewed, including the specification for member training on treasury management or whether alternatively, the training may be provided in-house.
- The MRP budget for 2026/27 is based on the previous year's capital programme and reflects 2025/26 capital expenditure and the level of borrowing held at that time. MRP is only charged when a project is completed. The budget also factors in the expected shift from internal borrowing to external borrowing which affects interest costs. The reduction in cash balances available for investing is also reflected as it will lower investment income.
- The base case capital expenditure for 2026/27 includes commitments for new HRA housing developments, a new HRA extra care facility, Shared Prosperity fund projects and grant funded business units. Once those commitments have concluded, base case capital expenditure reduces to known ongoing commitments. The strategy operates on a

rolling five year basis and is updated as new projects are approved and funding is available.

- PWLB loans are generally cheaper than commercial borrowing, are easier for councils to access, and provide a secure source of finance. A discounted rate is available for HRA borrowing.

**It was resolved to note the Treasury Management Strategy Statement for 2026/2027 and to forward it to the Executive without further comment.**

## **7. INTERNAL AUDIT UPDATE**

The report of the Head of Audit and Risk providing an update as at 21 January 2026 on the audits completed since the previous update as at 21 November 2025 was presented for the committee's consideration. The report also set out the current workload of Internal Audit and its priorities for the short to medium term going forward. Members of the committee were provided under separate cover with a copy of the one assurance report finalised in the period in relation to the Physical and Environmental Control of Data Centres (Reasonable Assurance).

The Head of Audit and Risk presented the report and summarised the outcome of the audit review completed in the period noting that it was positive. The audit had been undertaken by external IT audit specialists from Salford City Council who raised five recommendations. However, when assessed against the Council's risk management matrix, only one was rated as moderate and required management attention with the remainder rated as minor (green) and reported to the service for advice only. She outlined the assurance ratings and their definitions and explained that the auditor applies professional judgement when determining the most appropriate level of opinion. This includes considering the overall level of risk exposure and potential impact on the organisation as a whole. The ultimate determinant is the response to the key question.

In response to a query by the committee about the ratings, colour codes and the extent of auditor judgement and subjectivity involved, she confirmed that there is a quality assessment process in place whereby the auditor's findings are reviewed by the Principal Auditor and then approved by the Head of Audit and Risk through a three stage process. The Council's assurance ratings and definitions align with those proposed by CIPFA's Internal Audit Special Interest Group.

In response to a further question about why the IT Audit – IT Asset Management audit had been postponed until 2026/27 at the request of the Chief Digital Officer, the Head of Audit and Risk clarified that the postponement was due to capacity and workload pressures within the ICT service team, including several priority projects and actions. She confirmed that the audit will be incorporated into the 2026/27 audit plan, that its original inclusion was not prompted by any specific concerns and that there were no risks in delaying the audit.

**It was resolved to note the outcome of Internal Audit's engagements, the assurance provided and its priorities going forward.**

## **8. STRATEGIC RISK REGISTER UPDATE**

The report of the Head of Audit and Risk incorporating the revised Strategic Risk Register following its comprehensive review in 2025 was presented for the committee's consideration.

The Head of Audit and Risk provided an update on the work undertaken to date noting that through the Council's insurance contract with Zurich Municipal, Zurich Risk Solutions are supporting the Council on a wholesale review of its approach to managing risk. This work has included a review of the strategic risk register which has been reduced from 16 risks to

11. The Executive Manager (Leadership Team) who is now responsible for maintaining the strategic risk register is continuing to work with the Leadership Team on the revised register. This activity is running alongside the review of the Council's risk appetite. The fully developed strategic risk register will be presented to the committee once the work is complete.

The Head of Audit and Risk confirmed that the strategic risk register is being continuously updated. In response to a question about how common it is to adjust both likelihood and impact when moving from inherent to residual risk, she explained that while likelihood often changes due to controls, impact can also change in certain circumstances where effective controls may reduce the severity of the outcome. She referred to YM1 in relation to finances and financial management noting that if the risk of reduced or insufficient funding to provide statutory services were to materialise, the Council's practice of holding 5% of the annual budget in reserve would reduce the impact by enabling services to continue for a longer period.

**It was resolved to note the work that has been undertaken to date as part of the wholesale review of the strategic risk register.**

#### **9. PROGRESS UPDATE AGAINST THE IDENTIFIED SELF-ASSESSMENT AND AGS IMPROVEMENT ACTIONS FOR 2024/25**

The report of the Head of Digital, Performance and Modernisation which provided an update on the work undertaken by the Council against the identified improvement areas within the Annual Governance Statement and Self-Assessment and Performance (Wellbeing) reports for 2024/25 was presented for the committee's consideration.

The Strategic Performance and Projects Manager updated the committee on the progress of the six identified improvement actions, highlighting where progress was behind schedule and explaining the reasons for the delay. In response to a query about the status of improvement action 2 (Implement agreed outstanding actions from the Procurement Improvement Plan), he clarified that this was the first update on the listed actions. An Improvement plan is in place to meet the requirements of the Procurement Act 2023. Although resource issues have affected the delivery of the plan to date, a permanent Procurement Manager has now been appointed which is expected to support implementation and help bring the action back on schedule.

The Strategic Performance and Projects Manager further explained that actions rated Green are ongoing but are expected to be completed within the planned timescale, with appropriate steps in place to ensure delivery. For those actions currently behind schedule, he confirmed they will continue to be monitored through the monitoring of the annual delivery plan and service delivery plans. However, he advised that he could not provide absolute assurance that these actions would be completed on schedule, given their current status.

**It was resolved to accept the responses and updates as an accurate reflection of the Council's work against the identified improvement areas.**

#### **10. EXTERNAL AUDIT: ANNUAL AUDIT SUMMARY 2025**

The report of the Head of Digital, Performance and Modernisation incorporating the Audit Wales Annual Audit Summary for the Isle of Anglesey County Council 2025 was presented for the committee's consideration. The summary outlined the main findings from the 2024/2025 financial and performance audit work undertaken at the council to fulfil Audit Wales's responsibilities under the Public Audit (Wales) Act 2004 and the Wellbeing of Future Generations (Wales) Act 2015.

In reviewing the audit summary, the following matters were discussed by the committee–

- The arrangements in place to ensure Audit Wales delivers value for money
- The timeliness of Audit Wales’s work, noting that its three year performance audit completion average between 2022 and 2024 was 78% .
- The presentation of the summary report, with a request that the inclusion of visual graphics be reconsidered.
- Progress in addressing the uncorrected misstatement from the audit of the Council’s 2024/25 accounts.

In response, Audit Wales’s Performance Audit Manager explained that the Audit Wales Board oversees whether Audit Wales is making efficient use of its resources. Audit Wales fees are benchmarked against those of other UK public sector audit agencies. He referred to a University of Sheffield report from August 2025 which found that audit costs in England have risen considerably more than those in Wales over the past three years. He also noted that Audit Wales fees are scrutinised annually by the Senedd Finance Committee.

The Performance Audit Manager acknowledged that there have been timeliness issues. Following the pandemic organisations were given the space and time to focus on frontline delivery and capacity was stretched both within organisations and within Audit Wales. Timeliness has since improved and this improvement is reflected nationally. He confirmed that he would report back the request regarding the presentation of the report.

The Financial Audit Manager confirmed that a method has been agreed for correcting the uncorrected misstatement from the audit of the Council’s 2024/25 accounts and that she understood the corrected figures would be included in the 2025/26 draft accounts.

**It was resolved to note the report and to note also that the committee takes assurance from its content.**

## **11. REVIEW OF FORWARD WORK PROGRAMME**

The report of the Head of Audit and Risk incorporating the committee’s Forward Work Programme for 2025/26 updated to reflect the most recent changes, was presented for the committee’s consideration.

The Head of Audit and Risk suggested and it was agreed that the Audit Wales Q3 Programme and Timetable Update would be circulated directly to the committee’s members once finalised as the next committee meeting is not scheduled until May. Additionally she confirmed that the Panel Performance Assessment report had been rescheduled for consideration at the May meeting.

The Head of Audit and Risk invited any requests for training, and in response a request for refresher training on the Council’s annual accounts was made.

**It was resolved to confirm the Forward Work Programme for 2025/26 as meeting the committee’s responsibilities in accordance with its terms of reference.**

**Mr Dilwyn Evans  
(Chair)**

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ISLE OF ANGLESEY COUNTY COUNCIL	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	14 May 2026
<b>Subject:</b>	Governance and Audit Committee Action Log
<b>Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<b>Nature and Reason for Reporting:</b> This report informs the members of the Governance and Audit Committee about the status of the actions / decisions it has agreed upon.	

## 1. Introduction

- 1.1. This action log is updated prior to each meeting to enable the committee to monitor the progress and completion of the actions/decisions it has agreed upon.

## 2. Recommendation

- 2.1. That the Governance and Audit Committee notes the actions detailed in the following table and is content that the actions have been implemented to its satisfaction.

## Governance and Audit Committee Action Log

No.	Date of Meeting	Agenda Item	Action	Action Owner	Action Taken	Status
24	<a href="#">08/05/25</a>	9	The Director of Function (Resources)/Section 151 Officer to raise the issue of policy guidance on AI usage within the council with the Leadership Team.	Director of Function (Resources) / Section 151 Officer	A policy has been drafted, and recently updated following comments made by the Data Protection Officer. Leadership Team will consider and adopt when they can allocate a slot.	In progress.
	<a href="#">26/06/25</a>	4			UPDATE: Leadership Team considered the draft policy at its meeting of 17/06/25 and have asked for it to be further reviewed.	
	<a href="#">03/02/26</a>	3			UPDATE: Director of Function (Resources) / Section 151 Officer explained that following comments received on the draft policy, it has been decided to divide the original document into two separate policies – one covering the general use of AI (e.g. for queries) and another addressing the use of AI within the council’s formal systems and processes. The Interim Data Protection Officer and Information Governance Manager have reviewed both policies, which will be considered again by the Leadership Team at its meeting on 9 February 2026.	
	14/05/26				UPDATE: The Leadership Team accepted the AI policy on 15/04/26 subject to minor amendments. Once final approval is received, arrangements have been made for the policy to be launched via the council’s policy portal, where staff are required to read and accept mandatory policies. The IT Team will launch along with guidance on using AI.	

No.	Date of Meeting	Agenda Item	Action	Action Owner	Action Taken	Status
29	<a href="#">30/09/25</a>	5	The Chief Public Protection Officer to bring the completed three-year Corporate Health and Safety strategic plan, incorporating SMART actions, to a future meeting of the committee.	Chief Public Protection Officer	Planning to present to 16 July 2026 meeting.	
33	<a href="#">04/12/25</a>	8	The committee agreed that the Secondary Schools ICT Security (Limited Assurance) report and action plan be considered in detail at the July 2026 meeting following Internal Audit's progress review and requested that the Council's Chief Digital Officer attend.	Head of Audit and Risk / Chief Digital Officer	Planning to present to 16 July 2026 meeting.	

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ISLE OF ANGLESEY COUNTY COUNCIL	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	14 May 2026
<b>Subject:</b>	Annual Review of the Governance and Audit Committee's Terms of Reference
<b>Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<b>Nature and Reason for Reporting:</b> This report provides the outcome of an annual review of the committee's Terms of Reference, highlighting an amendment needed to lay member terms of appointment.	

## 1. Introduction

1.1. The Governance and Audit Committee reviews its terms of reference annually, to ensure continued compliance with relevant laws and regulations.

1.2. The current committee's terms of reference (3.4.8.2.2) currently states:

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***"The lay members will serve for a fixed term to coincide with the length of the Council, i.e. 5 years, and will serve a maximum of 2 terms."***

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1.3. The Local Government and Elections (Wales) Act 2021<sup>1</sup> requires each council to appoint lay members to its Governance and Audit Committee. Statutory guidance accompanying the relevant legislation states:

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***"It is recommended that a lay member should not be appointed for more than 2 full terms of a local authority."***

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1.4. Neither addresses mid-term appointments, i.e. lay members appointed part way through a council term, and the committee's terms of reference align appointments with the council term.

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<sup>1</sup> The Local Government and Elections (Wales) Act 2021 amended Section 82 of the Local Government (Wales) Measure 2011 regarding membership.

- 1.5. In addition to the primary statutory obligations, i.e. that a lay member should not be appointed for more than two full terms of a local authority, statutory guidance recommends the consideration of detailed guidance on the operation of governance and audit committees produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.6. In its guidance, CIPFA recommends the appointment of co-opted members to supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting, **to provide continuity outside the political cycle**. This is of particular importance where membership of the committee changes annually or because of elections.
- 1.7. Therefore, to ensure the principal of restricting tenures to two five-year terms and to provide continuity outside the political cycle, it is recommended that the reference to coinciding the appointment term with the council term be deleted from the committee's terms of reference.
- 1.8. This would result in lay members being appointed for two consecutive five-year terms, regardless of the council's electoral cycle.
- 1.9. The advantages are that it would provide up to 10 years of service, would improve continuity and reduce the recruitment burden, and aligns with wider council practice for independent roles.
- 1.10. The disadvantages are that it would need an amendment to the council's Constitution, creates staggered terms that may not align with elected membership cycles and creates misalignment of training and induction programme for the committee.
- 1.11. Revised Terms of Reference follow, with changes tracked for ease of reference.

## 2. Recommendation

- 2.1. That the Governance and Audit Committee supports the amendment to its terms of reference to remove the link to the council term for lay member appointments.

## 3.4.8 Governance & Audit Committee – Terms of Reference

### 3.4.8.1 Statement of purpose

3.4.8.1.1. The Governance and Audit Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

3.4.8.1.2. The purpose of the Governance and Audit Committee is to provide to members of full Council (*those charged with governance*) independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes.

3.4.8.1.3. The Committee oversees internal and external audit and other regulators, helping to ensure effective assurance arrangements are in place for both internal challenge and public accountability. It also reviews and assesses the authority's ability to handle complaints effectively and makes reports and recommendations in relation to the authority's ability to handle complaints effectively. It also receives and comments upon the draft annual self-assessment and performance (wellbeing) report and reports of a performance assessment panel.

3.4.8.1.4. There is clear separation between the role of the Governance and Audit Committee and that of scrutiny committees. The Governance and Audit Committee role seeks assurance that internal control systems of the Council are working and risks effectively managed, rather than the actual scrutiny of activities.

### 3.4.8.2 Composition and arrangements

3.4.8.2.1 The Governance and Audit Committee is a non-executive body established under the requirements of the Local Government (Wales) Measure 2011 and is a fully constituted committee of the Council operating at a strategic level. The Committee will conduct its business non-politically and must abide by the rules concerning political balance, in accordance with the Local Government and Housing Act 1989.

3.4.8.2.2 The Committee will consist of one third of lay members; eight elected members and four lay members, recruited through a public recruitment exercise. Elected members will be politically balanced and will not be members of the Executive, but the Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee. The Chair must be a lay member and the Deputy Chair will not be a member of the Executive or an assistant to its Executive. ~~The lay members will serve for a fixed term to coincide with the length of the Council, i.e. five years, and will serve a maximum of two terms. The lay members are automatically appointed for a period of two consecutive five-year terms.~~ All members, including the lay members, are subject to the Council's Code of Conduct and will declare any interests. The lay members will have equal status to that of the elected members in

terms of access to staff and information, for the purposes of the Governance and Audit Committee.

3.4.8.2.3 The committee members will decide upon the chair and deputy-chair of the Committee. All committee members, including the lay members, shall have a vote.

3.4.8.2.4 Any officer or member called to attend a Governance and Audit Committee meeting must do so. They are expected to provide honest, open and complete answers to questions raised by the Committee. The Committee can invite other persons to attend before it, but anyone else so invited to attend is under no compulsion to do so.

3.4.8.2.5 The Committee will meet at least four times a year and must meet if the full council so decides, or if at least a third of the Committee's members requisition in writing to the Chair that a meeting be held. The Council will publish the committee dates annually, but additional meetings can be arranged at the discretion of the Chair if the required number of days' notice is provided and that the agenda is published prior to the meeting, in accordance with regulations.

3.4.8.2.6 The Committee will meet in private, at least annually, with the internal and external auditors, without officers present. An agenda is not required, and the Chair does not require any prior notice of any topics to be raised.

3.4.8.2.7 The Director of Function (Resources) and Section 151 Officer, as the officer with responsibility for financial administration, will advise the Committee. The Committee will provide effective support to the Director of Function (Resources) and Section 151 Officer, who consequently, will have direct and unfettered access to the Committee, normally via the Chair.

3.4.8.2.8 The Committee may request additional work from the external and internal auditors but the final decision rests with the auditors.

3.4.8.2.9 The external and internal auditors of the Council have the right to request the Chair of the Committee to consider any matter that the auditors believe should be brought to the attention of the Council.

3.4.8.2.10 All new members will receive a full induction to the Committee. Members will have role descriptions and will review their knowledge and skills through a self-assessment process. They will receive appropriate ongoing training in their role in accordance with an annual training programme and will receive regular briefings on new legislation, professional guidance and research.

### **3.4.8.3 Accountability arrangements**

3.4.8.3.1 The Committee will report to full council (*'those charged with governance'*) on an annual basis the Governance and Audit Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; financial reporting arrangements, complaints handling and internal and external audit functions.

3.4.8.3.2 The Committee will report to full council (*‘those charged with governance’*) on an annual basis the effectiveness of the Committee in meeting its purpose and its agreed terms of reference, including a conclusion on the compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement. A regular self-assessment will be used to support the planning of the Governance and Audit Committee work programme and training plans and will inform the Committee’s annual report.

3.4.8.3.3 The Committee is subject to normal arrangements of openness. Meetings will be held in public, agendas and reports are published and available for inspection. The exception to this is where ‘exempt items’ are being considered, which are chiefly matters which involve discussions concerning named individuals or refer to the business affairs of the Council which could prejudice the interests of the Council commercially, financially and legally. The Committee will make the final decision following the advice of the Council’s Monitoring Officer.

#### **3.4.8.4 Governance reporting**

3.4.8.4.1 The Committee will review and assess the Council’s corporate governance arrangements against the good governance framework, including the ethical framework, and will consider the local code of governance.

3.4.8.4.2 The Committee will review and approve the Annual Governance Statement (AGS) taking into account whether it properly reflects the risk environment and supporting assurances, including the Head of Audit and Risk’s annual opinion. The Committee will determine whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority’s objectives.

3.4.8.4.3 The Committee will support the Council to implement the values of ethical governance. It will promote measures to improve transparency and accountability and effective public reporting to the authority’s stakeholders and the local community. As part of its review of governance arrangements, it will ensure there are adequate arrangements in place to enforce a strong commitment to ethical values, behaving with integrity and legal compliance at all levels.

3.4.8.4.4 The Committee will review the draft annual self-assessment and performance (wellbeing) report and if appropriate make recommendations for changes to the report. The procedure for this review is outlined in paragraph 3.4.8.15.

#### **3.4.8.5 Treasury management**

3.4.8.5.1 Full council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.4.8.5.2 The Committee will undertake a scrutiny role in accordance with the CIPFA Treasury Management Code of Practice, prior to approval by full council. Where it is

undertaking this scrutiny role, it will endeavour to develop greater awareness and understanding of treasury matters among the members.

3.4.8.5.3 The Committee will review the treasury management policy and procedures to be satisfied that controls are satisfactory. It will receive six-monthly reports on activities, issues and trends to support the Committee's understanding of treasury management activities.

3.4.8.5.4 The Committee will review the treasury risk profile and processes and will review assurances on treasury management.

### **3.4.8.6 Value for money**

3.4.8.6.1 The Committee will support the development of robust arrangements to ensure that the Council makes best use of its resources and taxpayers and service users receive excellent value for money.

3.4.8.6.2 The Committee will consider the Council's arrangements to secure value for money.

3.4.8.6.3 The Committee will consider assurances and assessments on the effectiveness of these arrangements.

### **3.4.8.7 Assurance framework**

3.4.8.7.1 The Committee will consider the Council's assurance framework and ensure that it adequately addresses the risks and priorities of the Council.

3.4.8.7.2 The Committee will ensure there is clarity of what assurance is provided, that there is a clear allocation of responsibility for providing assurance and duplication is avoided.

3.4.8.7.3 Annual assurance reports received by the Committee include, but are not limited to:

- Corporate Health and Safety
- Cyber Security
- Senior Information Risk Owner
- Information Governance in Schools
- Insurance

### **3.4.8.8 Risk management**

3.4.8.8.1 The Committee will review, assess and report on the effective development and operation of risk management arrangements in the Council. In particular, it will:

- Oversee the authority's risk management policy and strategy, and their implementation in practice.

- Oversee the integration of risk management into the governance and decision-making processes of the organisation.
- Review the arrangements to co-ordinate and lead risk management, including the process and reporting lines.
- Review the risk profile, keep up to date with significant areas of strategic risks and major operational and project risks.
- Review the assurance available for managing partnership risks, including the risk profile of the Council as part of the partnership.
- Seek assurance that adequate risk assessments support strategies and policies and risks are actively being managed and monitored.
- Follow up and monitor risks identified by auditors and inspectors to ensure that they are integrated into the risk management process.
- Support the development and embedding of good practice in the field of risk management practice by overseeing any evaluation or assessment of the council's arrangements, such as a risk maturity assessment or risk benchmarking, and reviewing evaluation, assurance and audit reports on risk management and monitoring progress on improvement plans.

3.4.8.8.2 Assurance over risk management will be a key element underpinning the Annual Governance Statement.

3.4.8.8.3 When acting as a risk committee, the Committee will:

- Review the strategic risk register and seek assurance that management appropriately own and manage risks effectively.
- Consider the adequacy and effectiveness in capturing and assessing the strategic risks.
- Evaluate whether planned mitigations are appropriate and effective, making recommendations to the responsible risk owner where appropriate.

### **3.4.8.9 Countering fraud and corruption**

3.4.8.9.1 The Committee will review the effectiveness of the Council's whistleblowing arrangements, including the policy.

3.4.8.9.2 The Committee will have oversight of the Council's arrangements for managing the risks from fraud and corruption, providing assurance that they are fit for purpose and will champion good counter fraud and anti-corruption practice to the wider organisation.

3.4.8.9.3 The Committee will monitor the counter-fraud and corruption strategy, actions and resources, to ensure that it meets with recommended practice, governance standards and legislation.

3.4.8.9.4 The Committee will review the assessment of fraud risks and potential harm to the Council from fraud and corruption. It will review the fraud risk profile to understand the level of fraud risk to which the authority is exposed and the implications for the wider control environment.

3.4.8.9.5 It will oversee any major areas of fraud, identified in an annual report and monitor action plans to address control weaknesses.

3.4.8.9.6 The Committee will consider the assurance provided by internal audit.

### **3.4.8.10 Internal audit**

3.4.8.10.1 The Local Government (Wales) Measure 2011 has an explicit requirement for the Governance and Audit Committee to oversee the Council's internal audit arrangements.

3.4.8.10.2 The Committee will regularly review and approve the Internal Audit Charter, which defines the internal audit's activity purpose, authority and responsibility. The Committee will satisfy itself that the Charter conforms to the relevant auditing standards.

3.4.8.10.3 If applicable, it will review proposals and make recommendations in relation to the appointment of external providers of internal audit services.

3.4.8.10.4 The Committee will approve (but not direct) the risk-based internal audit strategy, including internal audit's resource requirements and the use of other sources of assurance. It will have a good understanding of the level of assurance risk management provides when it reviews the risk-based internal audit strategy. The Committee will approve significant interim changes to the strategy.

3.4.8.10.5 The Committee will make appropriate enquiries of both management and the Head of Audit and Risk to determine if there are any inappropriate scope or resource limitations. Where there are concerns about internal audit's ability to fulfil its mandate or deliver an annual conclusion, concerns will be formally recorded and reported to those charged with governance and referred for inclusion in the Annual Governance Statement.

3.4.8.10.6 The Committee will consider an annual report from the Head of Audit and Risk on internal audit's performance, including the performance of external providers of internal audit services.

3.4.8.10.7 The Committee will consider the Head of Audit and Risk's annual report and the opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion. These will assist the Committee in reviewing the Annual Governance Statement.

3.4.8.10.8 The Committee will consider the statement contained in the annual report of the level of conformance with the relevant internal auditing standards and the results of the Quality Assurance and Improvement Programme that support the statement – these will indicate the reliability of the conclusions of internal audit.

3.4.8.10.9 The Committee will consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand

as a result of internal audit work. It will consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions.

3.4.8.10.10 The Committee will receive reports outlining the action taken where the Head of Audit and Risk has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

3.4.8.10.11 The Committee will consider reports on instances where the internal audit function does not conform to relevant internal auditing standards, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

3.4.8.10.12 The Committee will consider, approve and annually review any safeguards put in place to limit impairments to independence and objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Audit and Risk.

3.4.8.10.13 The Committee will receive regular reports on and contribute to the Quality Assurance and Improvement Programme and, in particular, to the external quality assessment of internal audit that takes place at least once every five years. It will receive a report regarding options, timing, scope, method of assessment and qualifications and independence of the assessor, for approval.

3.4.8.10.14 The Committee will consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit (Wales) Regulations 2014.

3.4.8.10.15 The Committee will provide free and unfettered access to the Governance and Audit Committee Chair for the Head of Audit and Risk, including the opportunity for a private meeting with the committee, at least annually.

### **3.4.8.11 External audit**

3.4.8.11.1 The Committee will support the independence and objectivity of external audit through consideration of the external auditor's annual assessment of its independence.

3.4.8.11.2 The Committee will consider the external auditor's annual report, other relevant reports and the report to *'those charged with governance'*.

3.4.8.11.3 The Committee will oversee external audit arrangements, comment on the scope and depth of external audit work and ensure it gives value for money. It will consider external audit reports and will monitor their recommendations.

3.4.8.11.4 The Committee will advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

3.4.8.11.5 There will be an opportunity for the Governance and Audit Committee to meet privately and separately with the external auditor, independent of those officers with whom the auditor must retain a working relationship.

### **3.4.8.12 Financial reporting**

3.4.8.12.1 The Committee will review and scrutinise the Council's financial affairs, making reports and recommendations in relation to them.

3.4.8.12.2 The Committee will monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.

3.4.8.12.3 The Committee will review and approve the authority's annual financial statements, including the explanatory foreword, key messages, trends, consistency with financial performance, suitability of and compliance with accounting policies and treatments and major judgmental areas.

3.4.8.12.4 The Committee will consider the external auditor's report to 'those charged with governance' on issues arising from the audit of the accounts and whether they need to be brought to the attention of the Council.

3.4.8.12.5 The Committee will consider reports on the effectiveness of financial management arrangements, including compliance with [CIPFA's Financial Management Code](#).

### **3.4.8.13 Other regulators and inspectors**

3.4.8.13.1 The Committee will receive and consider reports from any other regulators or inspectors, which will be a useful source of assurance. In respect of these, the authority will ensure there is no unnecessary duplication between the Governance and Audit Committee and any overview and scrutiny committee in considering such reports.

### **3.4.8.14 Complaints Handling**

3.4.8.14.1 The Committee will review and assesses the authority's ability to handle complaints effectively. To this end, it will receive the Annual Letter from the Public Services Ombudsman for Wales.

3.4.8.14.2 The Committee will make reports and recommendations in relation to the authority's ability to handle complaints effectively.

### **3.4.8.15 Self-assessment Report**

3.4.8.15.1 Each financial year, the Committee will receive from the Executive a draft of its annual self-assessment and performance (wellbeing) report [to be drafted in accordance with Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance and governance of principal councils)].

3.4.8.15.2 The Committee will receive the draft report before it is submitted to the Executive for final approval.

3.4.8.15.3 The Committee will review the draft report and may make recommendations for changes to the conclusions, or to anything included by way of intended actions/or actions already taken so as to increase the extent to which the Council will meet its performance requirements in the financial year following the financial year to which the report relates.

3.4.8.15.4 Any recommendation made by the Committee, but not adopted by the Executive before publication, must be included in the final draft report that is submitted to the Executive with reasons why the changes recommended by the Governance and Audit Committee have not been made.

3.4.8.15.5 The Committee will receive the final report that was approved by the Executive before the end of four weeks from the date of the meeting of the Executive at which the report was adopted.

#### **3.4.8.16 Panel Performance Assessment**

3.4.8.16.1 At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the Council. The Council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021).

3.4.8.16.2 The Council must publish a panel performance assessment report at least six months before the date of the next ordinary election.

3.4.8.16.3 The Council must make a draft of its response to the panel performance assessment available to its Governance and Audit Committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

3.4.8.16.4 If the Council does not make a change recommended by the Governance and Audit Committee, it must set out in the final response the recommendation and the reasons why it did not make the change.

#### **3.4.8.17 Auditor General Special Inspection**

3.4.8.17.1 If the Auditor General carries out a special inspection (as it considers the Council is not, or may not, be meeting its performance requirements, and a report is sent to Council, as soon as reasonably practicable after receiving such report, the Council must make it available to the Governance and Audit Committee.

3.4.8.17.2 Should a response be required by Council to a report published in accordance with paragraph 3.4.8.17.1 above, Council must make a draft of the response available to the Governance and Audit Committee. The Committee must

review the draft response and may make recommendations for changes to the statement made in response to what action, if any, the Council intends to take in response to the recommendations made by the Auditor General.

3.4.8.17.3 Any recommendation made by the Committee, but not adopted by Council before publication, must be included in the response with reasons why the Council has not made the changes recommended by the Governance and Audit Committee.

ISLE OF ANGLESEY COUNTY COUNCIL	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	14 May 2026
<b>Subject:</b>	Internal Audit Update
<b>Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<p><b>Nature and Reason for Reporting:</b></p> <p>The Governance and Audit Committee’s terms of reference has an explicit requirement for the committee to oversee the council’s internal audit arrangements as part of its legislative duties under the Local Government (Wales) Measure 2011. (3.4.8.10.1)</p> <p>The committee is required to consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand as a result of internal audit work. It is required to consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions. (3.4.8.10.10)</p> <p>This report fulfils the requirements of the Global Internal Audit Standards (UK public sector) consisting of the <a href="#">Global Internal Audit Standards</a> (GIAS) of the IIA, the <a href="#">Application Note: Global Internal Audit Standards in the UK public sector</a> and the <a href="#">CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government</a>.</p> <p>It is also consistent with the recommended practices for the oversight of internal audit as determined in <a href="#">CIPFA’s Position Statement: Audit Committees in Local Authorities and Police 2022</a>.</p>	

## 1. Introduction

- 1.1 Standard 11.3 of the Global Internal Audit Standards (GIAS) requires the chief audit executive to communicate the results of internal audit services to the board and senior management periodically and for each engagement. In addition, Standard 15.1 requires the chief audit executive to disseminate the final communication to parties who can ensure that the results are given due consideration.
- 1.2 This report updates the committee, as of 28 April 2026, on the audits completed since the last update as of 21 January 2026, the current workload of internal audit and our priorities for the short to medium term going forward.

## 2. Recommendation

- 2.1 That the Governance and Audit Committee considers:
  - the outcome of Internal Audit’s engagements,
  - the assurance provided and
  - our priorities going forward.

# Internal Audit Update

May 2026

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Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit & Risk



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## Summary of Assurance Work Completed Since Last Update

This section provides an overview of assurance reports finalised since the meeting in February 2026, including the overall assurance rating and the number of ‘issues/risks/opportunities’ raised.

We have finalised **five** pieces of work in the period, summarised below and discussed in more detail later in the report:

Title	Assurance Level	Critical	Major	Moderate
Financial Systems – Treasury Management	Substantial	0	0	1
Financial Systems – Payroll	Reasonable	0	0	5
Managing Strategic Risk - Safeguarding (YM10) - First Follow Up	Reasonable	0	0	4
Disabled Facilities Grants – Second Follow Up	Limited	0	0	3
Financial Management	Reasonable	0	0	3

## Financial Systems – Treasury Management

<b>Substantial Assurance</b>	Issues / Risks / Opportunities	
	0	Critical
	0	Major
	1	Moderate

Our review sought to answer the following key question:

**Does the council have effective Treasury Management arrangements in place to ensure that its borrowing levels are prudent and affordable, cash flows are readily accessible to meet day-to-day expenditure, and surplus cash investments are secure, while providing optimum financial returns, in line with legislative and regulatory codes and requirements?**

The audit concluded that the Treasury Management function operates within a strong control framework and complies with the CIPFA Treasury Management and Prudential Codes. Governance arrangements are sound and the council’s cautious risk appetite is clearly reflected in the prioritisation of security and liquidity over income generation.

Investment and borrowing activity remain low risk, supported by advice from the council’s treasury adviser; of which, a review of the advisory contract is underway. Capital financing follows prudent principles, with funding from grants, revenue and PWLB borrowing. Treasury information is held across several systems, and planned migration to spreadsheets is appropriate but must retain clear approval evidence.

Segregation of duties is effective despite the small team, with independent reconciliations and clear role separation. A single-point dependency in the Capital Accountant role will be mitigated through planned restructuring and improved procedure notes.

Overall, the review is positive, with one moderate action and two low-priority improvements that do not affect the ‘**Substantial**’ assurance opinion.

## Financial Systems – Payroll

<b>Reasonable Assurance</b>	Issues / Risks / Opportunities	
	0	Critical
	0	Major
	5	Moderate

Our review sought to answer the following key question:

**Does the council have effective Payroll arrangements in place to ensure that staff are paid the correct amount at the right time, financial records of salaries, wages and deductions are accurate, and processes operate in line with relevant legislative requirements?**

The payroll function is operating effectively, with staff paid accurately and on time. However, resilience is limited due to heavy reliance on the Payroll Manager and one senior officer. Strengthening capacity, clarifying responsibilities, and modernising processes would enhance long-term stability and reduce operational risk.

Input data quality is largely outside the Payroll Team’s control, and schools’ continued use of paper timesheets increases error risk and workload. Transition to electronic submissions is planned for April 2026 but is currently being delivered by the Payroll Manager alone.

Process documentation is outdated and no formal procedures for third-party payments. Updating documentation would support consistency and reduce the likelihood of errors.

Overpayment recovery processes exist, but the Overpayments Policy remains unpublished due to lack of agreement with teaching unions. Formalising the policy should be prioritised to mitigate legal and practical risks.

Although five moderate-impact issues have been identified, overall findings are positive. With assurance from recent and ongoing financial systems audit work, we were able to provide a ‘**Reasonable**’ assurance opinion.

## Managing Strategic Risk -Safeguarding (YM10) – First Follow Up

Reasonable Assurance	Issues / Risks / Opportunities	
	0	Critical
	0	Major
	4	Moderate

Our review sought to answer the following key question:

**Has management addressed the ‘Issues / Risks’ raised in our report on ‘Managing Strategic Risk – Safeguarding YM10’, issued in January 2024, which provided Reasonable Assurance on the governance, risk management and internal control of the area?**

The service has made clear progress in strengthening safeguarding arrangements by improving the effectiveness of Independent Safeguarding Reviewing Officers (ISROs). Key improvements include raising concerns with the North Wales Safeguarding Board about its audit arrangements, appointing a new Service Manager and Practice Lead, implementing a rota for ISROs to chair both Child Protection Conferences and Looked After Children Reviews, and updating strategic safeguarding risks to reflect workforce pressures.

Work continues on the remaining issues. Regular supervision and team meetings are now in place, though recent sickness has affected the small team’s capacity to meet statutory timescales, and ISRO performance is no longer formally reported to the Corporate Parenting Panel. A review of the supervision policy and dispute resolution process is underway to ensure consistency across Adults and Children’s Services.

Overall, the review is positive. Two issues from the initial audit have been fully addressed, and progress is being made on the remaining four. The service has demonstrated meaningful efforts to strengthen ISRO effectiveness—an important control for safeguarding risk YM10—and the assurance level remains ‘Reasonable’. Ongoing internal monitoring will track completion of the outstanding actions.

## Disabled Facilities Grants – Second Follow Up

Limited Assurance	Issues / Risks / Opportunities	
	0	Critical
	0	Major
	3	Moderate

Our review sought to answer the following key question:

**Has management addressed the ‘Issues / Risks / Opportunities’ raised in our report on the ‘Administration of Disabled Facilities Grants’, issued in April 2024, which provided Limited Assurance on the governance, risk management and internal control of the area?**

The council has made some progress in improving Disabled Facilities Grants (DFG) arrangements. However, progress on the remaining issues from the original audit has been slow, and key weaknesses continue to present risks.

Performance reporting has improved, and first-point-of-contact data will be included in the 2026 scorecard. Independent verification of KPI data is still not in place. Payment controls have strengthened through wider use of the P2P system, with no new duplicate payments identified, though recovery of a historic duplicate payment remains incomplete and did not follow standard procedures.

Administrative weaknesses persist. The central DFG database is incomplete, not reconciled to financial data, and has already led to errors in information provided to Legal Services, creating risks of incorrect or unenforceable land charges.

Of the four outstanding issues, one has been fully addressed and three moderate-risk items remain in progress. Due to slow progress and delays in obtaining information, the assurance rating remains ‘Limited’. A further follow-up review is planned for September 2026 to confirm that improvements are fully implemented and effective.

## Financial Management

Reasonable Assurance	Issues / Risks / Opportunities	
	0	Critical
	0	Major
	3	Moderate

Our review sought to answer the following key question:

**Does the council have effective budget management, financial forecasting and performance monitoring arrangements in place to help manage the implications of real term funding reductions to ensure that it continues to achieve its priorities and deliver quality services?**

The council's arrangements are operating effectively, supported by clear governance and regular reporting. Quarterly budget monitoring reports to the Executive and Leadership Team provide transparent analysis of variances, and independent scrutiny by the Resources Scrutiny Panel helps ensure accountability. The council has consistently delivered overall revenue underspends, though demand-led budgets such as social care remain high-risk areas.

Roles and responsibilities for budget delegation are clearly defined, and financial performance is embedded within the wider performance management framework. At service level, the accountancy team provides regular monitoring, advice and support, with closer oversight of higher-risk budgets. Survey feedback from budget holders indicates strong collaboration between services and finance.

Areas for improvement include introducing targeted budget-management training for officers with delegated responsibility, strengthening action-tracking for the Resources Scrutiny Panel, and exploring options to enhance financial monitoring information, such as more accessible dashboards, to support non-finance staff.

Overall, the review was positive, and we were able to provide 'Reasonable' assurance opinion.

## Work in Progress

The following pieces of work are currently in progress:

Area	Reason for Audit	Stage
Regulation and Economic	Investigation	Fieldwork
IT Audit: IT Asset Management	Strategic Risk Register (YM3)	Postponed until 2026-27 at the request of the Chief Digital Officer
Adult Social Care Finance: Financial Assessments – Residential and Nursing Care	First Follow Up	Fieldwork
Managing the Safeguarding Risk: Supply Teachers	Strategic Risk Register (STR0003)	Draft report
Early Education and Childcare Grant Programmes	First Follow Up	Fieldwork
Financial Systems – Creditors	IA Strategic Priority 2025-26	Draft report
School Fund Certificates	IA Strategic Priority 2025-26	Draft report
Financial Management in Schools	IA Strategic Priority 2025-26	Scoping
ICT Security in Secondary Schools	Strategic Risk Register (YM)	Draft report

## Outstanding Actions

Work is progressing to support services with addressing all 'Issues / Risks / Opportunities' raised and implementing all outstanding actions.

A comprehensive report on all outstanding 'Issues / Risks / Opportunities' is separately submitted to this meeting in accordance with the Governance and Audit Committee's request.

## Priorities

### Short/Medium Term Priorities

Our current workload can be seen in [Work in Progress](#) detailed earlier in this report. Delivery of the Internal Audit Strategy for 2025-26 is being finalised. Enough work has been completed to enable the Head of Audit annual audit opinion to be provided and will be reported to the committee at its meeting in June 2026.

Work continues consulting on the 2026-27 Internal Audit Strategy, which will also be brought to the meeting in June 2026.

Work continues with the Counter Fraud, Bribery and Corruption Strategy 2025-2028 and the Annual Counter Fraud, Bribery and Corruption Report 2025-26 will be brought to the committee on progress with this strategy to the meeting in July 2026.

### Longer Term Priorities

Implementation of the requirements of the new Global Internal Audit Standards in the UK Public Sector continues.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has launched its Conformance Assessment Toolkit, which embeds the Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government alongside the Global Internal Audit Standards (GIAS).

Although we undertook a gap analysis when the Standards commenced, which we reported to the committee in July 2025, during 2026-27 we will complete the conformance-assessment so that the council can be confident that we are conforming with GIAS in the UK Public Sector.

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ISLE OF ANGLESEY COUNTY COUNCIL		
<b>Report to:</b>	Governance and Audit Committee	
<b>Date:</b>	14 May 2026	
<b>Subject:</b>	Outstanding Internal Audit Issues, Risks and Opportunities	
<b>Head of Service:</b>	Marc Jones Director of Function (Resources) / Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>	
<b>Report Authors:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>	Nanette Williams Principal Auditor <a href="mailto:NanetteWilliams@anglesey.gov.wales">NanetteWilliams@anglesey.gov.wales</a>
<p><b>Nature and Reason for Reporting:</b>                      This report meets the requirements of the Local Government (Wales) Measure 2011, which sets out the legislative duties to be performed by a council's audit committee, specifically, to oversee the authority's internal audit arrangements.</p> <p>The Governance and Audit Committee's terms of reference provide a responsibility for it to monitor the implementation of agreed actions (3.4.8.10.10). This report provides an update on the status of the outstanding issues, risks and opportunities that Internal Audit has raised.</p> <p>This report also fulfils the requirements of the new <a href="#">Global Internal Audit Standards (GIAS) in the UK Public Sector</a>, which require the chief audit executive to establish a methodology to confirm that management has implemented internal audit recommendations or management action plans. This includes enquiring about progress on implementation, performing follow-up assessments using a risk-based approach and updating the status of management's actions in a tracking system (Standard 15.2). Internal audit's existing follow up arrangements fully conform with the new GIAS in the UK Public Sector.</p>		

## 1. Introduction

- 1.1. Internal Audit, on behalf of the Council, monitors issues and risks identified during audit work via its action tracking system, 4action.
- 1.2. A dashboard displays a real-time snapshot of current performance in addressing outstanding actions and allows effective tracking and reporting of this information. The Head of Audit and Risk regularly shares this dashboard with the Governance and Audit Committee as part of her internal audit update reports.
- 1.3. In addition, the Governance and Audit Committee has requested that it receives a separate, detailed report outlining overall performance in addressing audit actions, twice a year. At its meeting on 21 September 2021, the former Committee considered and determined the level of detail to be included in the report, to meet its assurance needs in this area.

## 2. Recommendation

2.1. That the Governance and Audit Committee:

- considers the Council's progress in addressing the outstanding Internal Audit 'Issues / Risks / Opportunities' and determines whether this is satisfactory.

# Outstanding Internal Audit Issues / Risks / Opportunities

March 2026

Page 35



Marion Pryor BA MA CMIIA CPFA ACFS

Nanette Williams MSc CMIIA CIA



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## Introduction

1. The Governance and Audit Committee’s terms of reference include a responsibility for it to monitor the implementation of actions taken by management to address issues, risks and opportunities raised by Internal Audit during the course of its work.
2. To discharge this duty, the committee requested that it receives a detailed report showing the council’s performance in addressing outstanding actions twice a year, at its meetings in April/May and September.
3. In addition, standard 15.2 of the Global Internal Audit Standards (GIAS) requires Internal Audit to “confirm that management has implemented internal auditors’ recommendations or management’s action plans following an established methodology, including inquiring about progress on the implementation, performing risk-based follow-up assessments and updating the status of actions in a tracking system.”
4. As previously reported, Internal Audit has moved away from making recommendations to reporting ‘Issues’ and ‘Risks’ and more recently ‘Opportunities’. To encourage management to have ownership for these risks, it is their responsibility to develop an action plan to address the issues, risks and opportunities identified, and we monitor how these have been addressed.

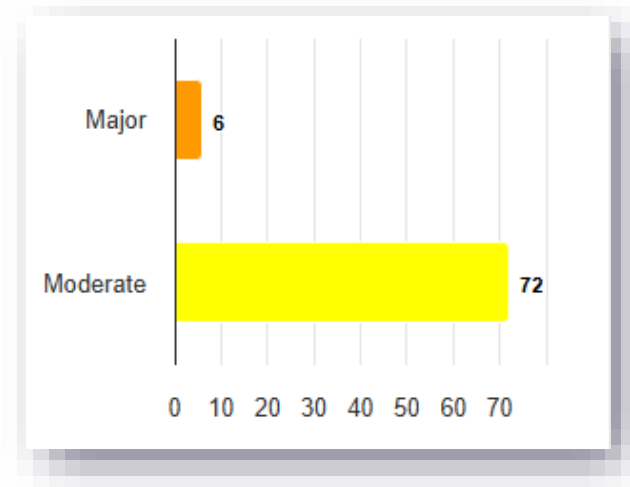
5. Reports which have received 'Limited' or 'No' Assurance are subject to a formal follow up review by Internal Audit, with an audit report produced and an assurance rating given. We monitor all other issues, risks and opportunities using the council's corporate action tracking system (4action).
6. We continuously monitor 'overdue' actions to enable us to promptly obtain progress updates from management.
7. We have developed and refined a user dashboard on 4action (below), which displays a real-time snapshot of current performance in addressing outstanding actions and enables effective tracking and reporting of this information.



## Current Performance

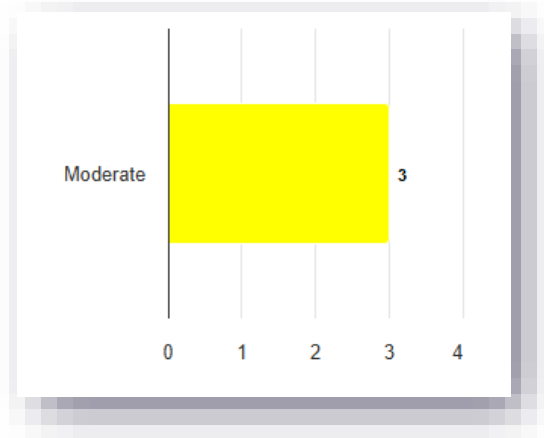
8. The following five graphs show the outstanding actions across the council as of 31 March 2026. A detailed status update of the 6 outstanding 'major' rated issues / risks / opportunities is also shown at [Appendix 1](#).
9. It should be noted that no 'Red' or 'Critical' issues / risks / opportunities were raised during the year and there are no Red or 'Critical' issues / risks / opportunities' currently outstanding.

### Graph 1 – Total Outstanding Actions



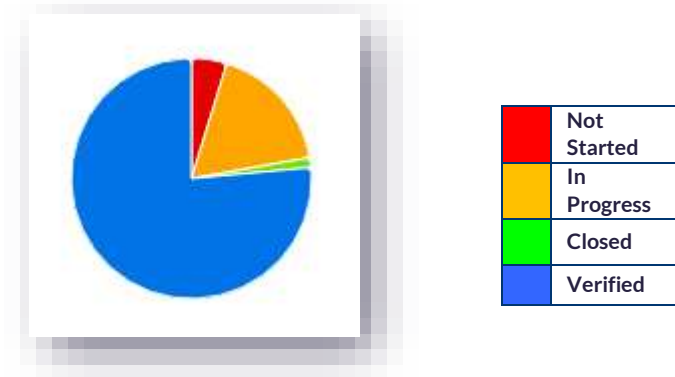
10. As of 31 March 2026, we are tracking 78 outstanding actions. Of these, six are assessed as 'major' (amber) and 72 'moderate' (yellow) risks, as shown above.

## Graph 2 – Overdue Actions



11. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed. There are currently three actions that have reached the date management were due to finish implementation, and are now 'overdue', as shown above.
12. These actions relate to three 'issue/risks' assessed as 'moderate' which were raised during an audit of Disabled Facilities Grants (DFGs). We provide more detail on these actions in our formal follow up audit report of Disabled Facilities Grants included in the Head of Audit and Risk's update report.

## Graph 3 – Total Issues / Risks / Opportunities by status

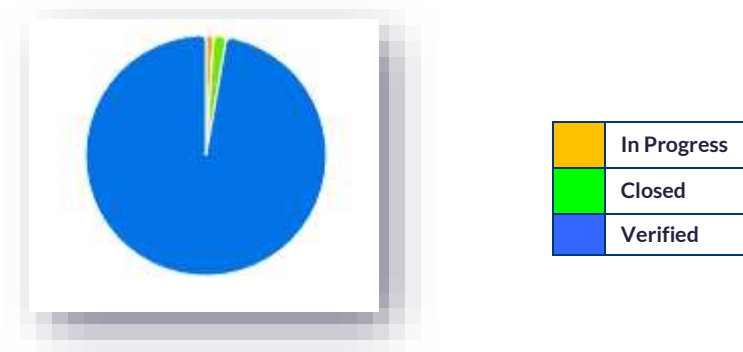


13. Graph 3 shows the status of all outstanding actions (irrespective of the date by when management agreed to address them). It shows that management have now addressed 77% of their agreed actions and Internal Audit has verified 76%<sup>1</sup>.
14. The remaining 1% yet to be formally verified relates to actions from two audits: 'IT Supplier Management' and 'Secondary Schools ICT Security'.

<sup>1</sup> Internal Audit verifies all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.

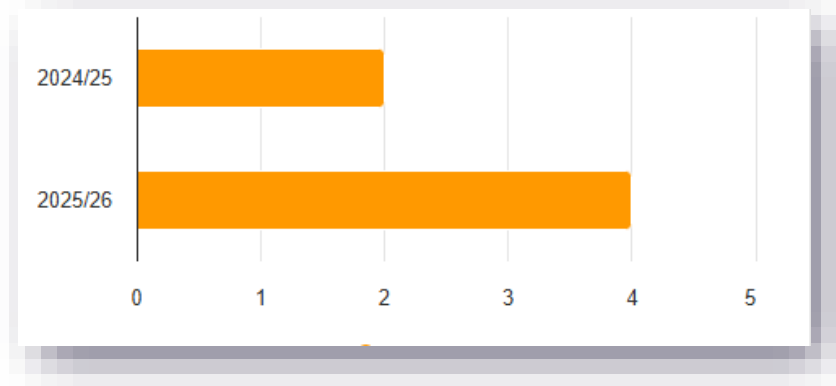
15. We will be conducting formal follow up audits of these areas in the first quarter of 2026-27 and will verify that management has successfully implemented these actions during these pieces of work.
16. The actions showing as 'not started' relate to several recently completed audits where the actions identified have not yet reached their anticipated completion dates. These include:
- Performance Management
  - IT Physical Security and Environmental Control of Data Centres
  - Financial Systems: Treasury Management
  - Financial Systems: Payroll
  - Financial Management: budget monitoring and forecasting
17. When these dates approach, we will actively pursue updates from management to determine progress.

#### Graph 4 – Total Issues / Risks / Opportunities by status (where due)



18. In contrast, Graph 4 shows the status of all actions that have reached their target date. It shows that where due, 99% have been addressed.
19. Of these, Internal Audit has verified virtually all, however as detailed above, those actions that have yet to be verified relate to audits of 'IT Supplier Management' and 'Secondary Schools ICT Security'. The actions showing here as 'in progress' are those that are overdue, as detailed in paragraph 12 above.
20. We will extend completion dates for some actions, but only if the service can demonstrate a legitimate reason for the extension, e.g., it becomes clear that the original target date is unachievable, as significantly more work is needed to address the 'issue/risk/opportunity'.

## Graph 5 – ‘Critical’ and ‘Major’ outstanding Issues / Risks / Opportunities by year



	Critical
	Major

21. As detailed above, 6 outstanding actions rated as ‘major’ in risk priority have yet to be fully completed, and there are no red or ‘critical’ ‘issues / risks / opportunities’ currently outstanding.
22. Graph 5 above shows the financial year where the ‘major’ rated issue/risk was originally identified during our audit work.

23. There are no ‘major’ rated issues / risks / opportunities dating back further than 2024/25. This demonstrates that management are prioritising addressing risks of higher priority.
24. In addition, to ensure that services are successfully addressing their issues / risks / opportunities promptly, where a ‘critical’ or ‘major’ rated issue / risk / opportunity is still not resolved 12 months after the original completion date has passed, action owners are asked to provide an update to the committee on the reasons for the delay in it being addressed.
25. There are currently no ‘critical’ or ‘major’ rated issues/risks to which this applies.
26. A detailed status update of all outstanding ‘major’ rated issues /risks / opportunities currently being tracked follows at [Appendix 1](#).
27. We will endeavour to pursue all outstanding actions to ensure completion.

## Appendix 1: Detailed Status of Outstanding 'Major' Rated Issues / Risks / Opportunities

Audit Title	Audit Year	Report Issue Date	Current Target Date	Report Assurance Rating <sup>2</sup>	Issue /Risk/Opportunity Summary	Current Status
Early Education and Childcare Grant Programmes	2024/25	March 2025	01/04/26	Reasonable	The council does not make the Childcare Offer – Education element (10 hours) accessible to all private childcare providers and childminders, contrary to WG guidance.	<b>Formal follow up in progress.</b> We are currently undertaking a formal follow up review to determine progress with addressing the issues/risks raised in our original report. A follow up report will be presented to the Governance and Audit Committee at its meeting on 16 July 2026.
IT Audit – Payment Card Industry Data Security Standards (PCI DSS)	2024/25	March 2025	31/05/26	Reasonable	Current processes for accepting telephone card payments are not PCI DSS compliant.	<b>In progress.</b> A PCI DSS compliant solution, Call Secure, is now in place for the call centre (payments taken through Paye.net.). Callers who want to make payments here are now forwarded to a secure, compliant payment line system.  Telephone card payments are no longer taken at the Oriel with the option of bank transfer payment now offered as an alternative.  Work to implement online payments for the Leisure Service is ongoing, which once implemented will remove the need to accept telephone payments. The service is working with the digital team and the supplier to expedite this work. The service anticipates this facility will be operational in early May 2026.

<sup>2</sup> Current assurance rating - either as at time of original audit or following follow up review.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Report Assurance Rating <sup>2</sup>	Issue /Risk/Opportunity Summary	Current Status
Adult Social Care Finance	2025/26	June 2025	01/04/26	Limited	Backlog of financial assessment cases awaiting processing.	<b>Formal follow up in progress.</b> We are currently undertaking a formal follow up review to determine progress with addressing the issues/risks raised in our original report. A follow up report will be presented to the Governance and Audit Committee at its meeting on 16 July 2026.
Adult Social Care Finance	2025/26	June 2025	01/04/26	Limited	The council has several aged debtor cases relating to financial assessments / deferred charges where the client is deceased.	<b>Formal follow up in progress.</b> We are currently undertaking a formal follow up review to determine progress with addressing the issues/risks raised in our original report. A follow up report will be presented to the Governance and Audit Committee at its meeting on 16 July 2026.
Performance Management	2025/26	October 2025	31/07/26	Reasonable	The Corporate Performance team has limited resources to perform extensive quality assurance of performance data provided quarterly by services for inclusion in the corporate performance scorecard. The absence of a dedicated performance management system further limits capacity.	<b>In progress.</b> The corporate performance team are currently working with ICT to review options for creating an in-house whole council performance management system using Microsoft software. Due to other priorities, the intention is for system development to be undertaken during 2026/27 with system implementation for 2027/28.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Report Assurance Rating <sup>2</sup>	Issue /Risk/Opportunity Summary	Current Status
Performance Management	2025/26	October 2025	30/09/26	Reasonable	There is a lack of consistency of performance monitoring processes across service areas. While there are examples of a strong performance culture in some services, including effective key performance indicators (KPIs) and regular review of performance measures to ensure continued relevance, this is not evident in all services.	<p><b>Action not yet due for completion.</b></p> <p>In consultation with services, the corporate performance team has reviewed the service delivery plan (SDP) template documents for 2026/27 and will be supporting services in the coming weeks to complete their SDPs. Discussions have also commenced with relevant services, on ways to strengthen their individual performance monitoring processes.</p>

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ISLE OF ANGLESEY COUNTY COUNCIL	
<b>Report to</b>	Governance and Audit Committee
<b>Date</b>	14 May 2026
<b>Subject</b>	Audit Wales - Detailed Audit Plan 2026 - Draft
<b>Head of Service</b>	Huw Ynyr Head of Digital, Performance and Modernisation <a href="mailto:huwynyr@ynysmon.llyw.cymru">huwynyr@ynysmon.llyw.cymru</a>
<b>Report Author</b>	Gwyndaf Parry Strategic Performance and Projects Manager <a href="mailto:gyndafparry@ynysmon.llyw.cymru">gyndafparry@ynysmon.llyw.cymru</a>
<p><b>Nature and Reason for Reporting</b></p> <p>The Governance and Audit Committee’s Terms of Reference require it to oversee the external audit arrangements, comment on the scope and depth of external audit work and ensure it gives value for money. It will consider external audit reports and will monitor their recommendations. (3.4.8.11.3)</p> <p>The Committee is required to consider the report and provide feedback to Audit Wales on its content.</p>	

## 1.0 INTRODUCTION

- 1.1 The report sets out Audit Wales 2026 Audit Plan, based on a structured risk-based planning process.
- 1.2 It sets out the areas of work including the following:
  - 1.2.1 Financial audit work (p6-13)
  - 1.2.2 Performance audit work, to include:
    - 1.2.2.1 Risk management arrangements
    - 1.2.2.2 Effectiveness of project outcomes
    - 1.2.2.3 Maintaining and developing investment properties
- 1.3 The report also set out the audit fees (p18), details of the audit team and key dates for delivering the audit team’s activities and planned outputs.

## 2.0 RECOMMENDATION

- 2.1 That the Governance and Audit Committee:
  - Considers the report and provides feedback on the planned audit work and related fees for 2026.

# Isle of Anglesey County Council – Audit Plan 2026

Date issued: May 2026



# Contents

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For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email [info@audit.wales](mailto:info@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

# Introduction

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**Adrian Crompton**

Auditor General  
for Wales

I am pleased to share my 2026 Audit Plan. The Plan sets out how I will undertake your audit.

My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My [Code of Audit Practice](#) provides further detail on how my audit and certain other functions are to be carried out by my auditors.

At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three lines of assurance model (page 22) sets out how we will ensure those standards of quality are met. Our latest [annual quality report](#), provides more information about our audit quality arrangements.




My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

My local performance audit work programme, as outlined in this Plan, sits alongside other [national audit work](#) that may include coverage of your organisation. Local performance audit work may also inform wider national reporting.





Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

# Our aims and ambitions



## Our purpose

-  Assure people that public money is being managed well
-  Explain how that money is being spent
-  Inspire the public sector to improve

## Our vision

-  Fully exploiting our unique perspective, expertise and depth of insight
-  Strengthening our position as an authoritative, trusted and independent voice
-  Increasing our visibility, influence, and relevance
-  Being a model organisation for the public sector in Wales and beyond

## Our areas of focus

-  A strategic, dynamic, and high-quality audit programme
-  A targeted and impactful approach to communications and influencing
-  A culture and operating model that enables us to thrive

You can find out more about Audit Wales in our [Annual Plan 2025-26](#) and [Our Strategy 2022-27](#).

# Financial audit work

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## Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and their proper preparation in accordance with accounting standards and legal requirements.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

In addition to my responsibilities for auditing the Isle of Anglesey County Council's (the Council) financial statements, I also have responsibility for:

- certifying a return to the Welsh Government which provides information about Isle of Anglesey County Council to support preparation of Whole of Government Accounts;
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary); and
- the certification of a number of grant claims and returns as agreed with the funding bodies.

There have been no limitations imposed on me in planning the scope of this audit.

## Certification of grant claims and returns

I have also been requested to undertake certification work on the Council's grant claims, which I anticipate will include housing benefits, teachers' pensions and non-domestic rates.

## Financial statements materiality

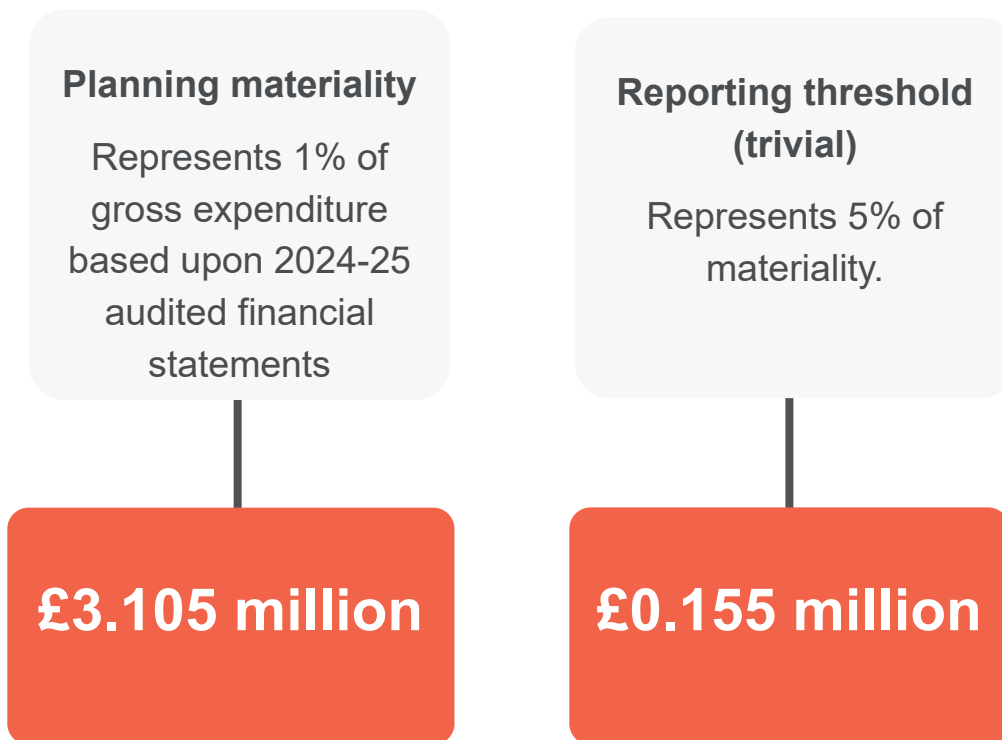
I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material and correct misstatements, that is, those that might result in a reader of the accounts being misled. Materiality applies

not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set planning and performance materiality to:

- determine the level of misstatement that could cause the user of the accounts to be misled;
- assist in the scoping of our audit approach and resultant audit tests;
- determine sample sizes;
- assess the effect of known and likely misstatements in the financial statements; and
- report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material is set out below.



There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

**Senior officer remuneration**

£1,000  
(or nearest correct banding)

**Related party disclosures**

£10,000

My audit team will assess materiality levels throughout the audit.

**Significant financial statements risks**

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other International Standard on Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

**Risk of management override**

The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].

**Our planned response**

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- review accounting estimates for bias; and
- evaluate the rationale for any significant transactions outside the normal course of business.

## Other areas of focus

I set out below other identified risks of material misstatement which, although not determined to be significant risks as above, I would like to bring to your attention.

### Valuation of pension fund net liability/surplus

The Local Government Pension scheme (LGPS) pension fund liability as reflected in the financial statements are material estimates.

The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.

The impact of economic conditions, particularly interest rate levels also has a significant impact on the liability at 31 March 2025 for example, the liability was in fact a surplus, primarily due to higher interest rates.

A triennial valuation of the scheme has been undertaken as at 31 March 2025, which will impact upon disclosures in the Council's financial statements for the first time in the 2025-26 financial year.

There are also several legal cases potentially impacting on the valuation of the net liability.

There is a risk therefore that the liability/surplus is materially misstated.

### Our planned response

My audit team will:

- evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work;
- assess the competence, capabilities and objectivity of the actuary who carried out the valuations;
- assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- test the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary;
- assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertaking any additional procedures required;

- undertake a programme of work to provide assurance over the data used by the actuary to undertake the triennial valuation; and
- assess whether any legal cases could have a material impact on the net liability, and if so, confirm that this has been appropriately recognised and disclosed within the financial statements.

## Valuation of land and buildings

The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates.

Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations.

Assets are required to be revalued every five years, and for the 2025-26 financial year CIPFA have introduced new requirements for the subsequent measurement of assets, including the application of indexation. This will introduce additional judgements and calculations for finance teams to undertake.

My audit team will:

- review the information provided to the valuer to assess for completeness;
- evaluate the competence, capabilities and objectivity of the professional valuer;
- test a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process are reasonable, and the revaluations have been correctly reflected in the financial statements;
- review the approach taken to the application of indexation to ensure that it complies with the relevant standards and results in a reasonable estimate; and
- test the reconciliation between the financial ledger and the asset register.

## Senior officer remuneration

Even though there are no significant changes in senior officers for 2025-26, remuneration paid to senior officers continues to be of high interest and is material by nature. In addition, errors were identified within the disclosures in the 2024-25 financial statements.

Therefore, there is a risk that as even low value errors in the disclosure could result in a material misstatement.

### Our planned response

My audit team will:

- understand any movements in the senior management team during 2025-26;
- ensure that remuneration disclosed is consistent with supporting evidence;
- ensure that amounts paid are consistent with those approved by the Council; and
- ensure that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

## Related party disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Council and the other body/party.

The Council has many relationships that could be considered a related party. Many are well known for example, Welsh Government as funder.

However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding these relationships. These transactions are of high interest and are considered to be material by their nature.

There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.

### **Our planned response**

My audit team will:

- review the Council's process for identifying related party relationships and associated transactions and balances;
- undertake procedures to confirm the completeness of related party relationships; and
- ensure disclosures are complete, accurate, consistent with evidence and are in accordance with the Local Government Code.

## Financial statements audit timetable

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

### Exhibit 1: Financial statements audit timetable

<p><b>Planning</b></p> <p><b>January to April 2026</b></p>	<ul style="list-style-type: none"> <li>Planning meeting</li> <li>High level risk assessment procedures</li> <li>Fraud risk assessment</li> <li>Accounting estimates planning</li> <li>IT environment risk assessment</li> <li>Indicative audit fee</li> </ul>
<p><b>Interim</b></p> <p><b>January - April 2026</b></p>	<ul style="list-style-type: none"> <li>Information flows</li> <li>Detailed risk assessment procedures</li> <li>IT controls review</li> <li>Develop testing strategy</li> <li>Early sample testing</li> <li>Draft Audit Plan</li> </ul>
<p><b>Fieldwork</b></p> <p><b>July - September 2026</b></p>	<ul style="list-style-type: none"> <li>Update risk assessment</li> <li>Audit of financial statements to include narrative report and annual governance statement</li> <li>Complete audit testing</li> <li>Evaluate audit findings</li> <li>Audit closure meeting</li> </ul>
<p><b>Reporting</b></p> <p><b>September 2026</b></p>	<ul style="list-style-type: none"> <li>Audit of Accounts Report</li> <li>Present findings to those charged with governance</li> <li>Auditor General certification</li> </ul>
<p><b>Post Certification</b></p> <p><b>October 2026</b></p>	<ul style="list-style-type: none"> <li>Recommendations for improvement</li> <li>Annual Audit Summary</li> <li>Post project learning (October 2026)</li> </ul>








# Performance audit work

## Proper arrangements

As set out in the Code of Audit Practice, I must satisfy myself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources ('value for money'), and conclude accordingly.

I do this by undertaking an appropriate programme of performance audit work each year. I base my work programme on an assessment of risks of the Council and the wider Local Government sector in Wales not having the proper arrangements in place, with the work typically focusing on the areas of greatest risk.

In designing the programme, my auditors must have considered corporate and service level arrangements, including:

-  Strategic planning
-  Financial planning
-  Performance and risk management
-  Workforce planning
-  Asset management
-  Collaborative working
-  Overall governance.

My auditors will also have taken account of relevant work that is being undertaken or planned by other audit, regulatory and inspection bodies at the Council.

I conduct my performance audit work using the ISSAI 3000 standard developed by the International Organisation of Supreme Audit Institutions (INTOSAI). INTOSAI is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

## Well-being of future generations

Section 15 of the Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to carry out examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle when setting well-being objectives and taking steps to meet those objectives.

The **Sustainable development principle** is defined as acting in a manner...

...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.'

To do this, they must take account of the '**five ways of working**'.



Long-term



Prevention



Integration



Collaboration



Involvement

I must carry out these examinations at each public body covered by the Act at least once during a specified period.

These could be stand-alone examinations as part of my performance audit programme. However, where relevant and appropriate to do so, my auditors will integrate the work required into other planned performance audit work for the Council. My auditors will continue to engage closely with the Office of the Future Generations Commissioner for Wales to help coordinate our respective activities.

## Planned performance audit work

I set out below details of my performance audit work to satisfy my duties for 2026-27.

### Risk management arrangements

Effective risk management, transparency, and maintaining stakeholder trust should be gained from routine reviews of the risk register and proper arrangements for its use in decision making. This project will review the Council's risk management arrangements.

### Effectiveness of project outcomes

Our objective for this audit is to establish the extent to which the Council has put in place appropriate arrangements to ensure value for money when planning, carrying out and reviewing one of its projects contributing to the 2023-28 Council Plan.

### Maintaining and developing investment properties

The Council has stated that one of its aims is to maintain and develop its investment properties. We will audit whether its arrangements provide assurance of value for money and assess to what extent these arrangements help the Council meet its strategic aims.

## Timing of Performance Audit Work

My team will work with officers in the Council to arrange exact timescales for the individual projects and will be communicated regularly through our work programme and timetable and subsequent mid-year update. My auditors aim to substantially complete the performance audit work set out in this plan by the end of June 2027.

## Other statutory audit functions

---

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. The Public Audit (Wales) Act 2004 sets out these responsibilities:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, my auditors will discuss the potential impact on audit fees with the S151 Officer.

# Audit fee

---

In January 2026 we published our 2026-27 Fee Scheme following approval by the Senedd Finance Committee which details the average increase to fee rates of 5.3%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required.

The estimated audit fee for 2026 in exhibit 2 represents a 4.7% increase on 2025, due a revised skill mix for the audit of the financial statements.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without my auditors first discussing them with the S151 Officer. **Exhibit 2** sets out a further breakdown of your estimated audit fee.

## I base my audit fee on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- The audit requirements of my individual performance audit projects are met by the audited body, or suitable alternative arrangements are put in place that satisfy the needs of my audit team.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

**Exhibit 2: Breakdown of my estimated audit fee for 2026 (and 2025 for comparison)**

**Estimated fee for 2026 (£)<sup>1</sup>**

Audit of financial statements <sup>2</sup> <hr style="border: 0; border-top: 1px solid white; margin: 5px 0;"/> £246,078	Performance audit work <sup>3</sup> <hr style="border: 0; border-top: 1px solid white; margin: 5px 0;"/> £123,642	Grant certification work <sup>4</sup> <hr style="border: 0; border-top: 1px solid white; margin: 5px 0;"/> £70,500
<b>Total fee: £440,220</b>		

**Fee for 2025 (£)**

Audit of financial statements (actual) <hr style="border: 0; border-top: 1px solid #ccc; margin: 5px 0;"/> £235,938	Performance audit work <sup>5</sup> <hr style="border: 0; border-top: 1px solid #ccc; margin: 5px 0;"/> £117,444	Grant certification work (estimated <sup>6</sup> ) <hr style="border: 0; border-top: 1px solid #ccc; margin: 5px 0;"/> £67,000
<b>Total fee: £420,382</b>		

<sup>1</sup> The fees shown in this document are exclusive of VAT.

<sup>2</sup> Payable November 2025 to October 2026.

<sup>3</sup> Payable April 2026 to March 2027.

<sup>4</sup> Payable as work is undertaken.

<sup>5</sup> Work is ongoing and therefore this is the latest available estimate, the original fee was £117,444.

<sup>6</sup> At the time of writing, the certification of the 2024-25 housing benefit subsidy is ongoing.

# Audit team

---

My audit team will continue to work and engage remotely using technology, but some on-site audit work will continue where it is appropriate to do so.

Indeed, my audit team who were onsite during the audit of accounts work last year found the close proximity to officers a more efficient way of working, and officers have fed back positively on their experiences.

Audited bodies have a responsibility to ensure the safety and wellbeing of Audit Wales staff when they are on your premises.

The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

## Exhibit 3: My local audit team

<b>Engagement Director</b>	Matthew Edwards <a href="mailto:matthew.edwards@audit.wales">matthew.edwards@audit.wales</a>	
	<b>Financial Audit</b>	<b>Performance Audit</b>
<b>Engagement Lead</b>	Matthew Edwards <a href="mailto:matthew.edwards@audit.wales">matthew.edwards@audit.wales</a>	Gary Emery <a href="mailto:gary.emery@audit.wales">gary.emery@audit.wales</a>
<b>Audit Manager</b>	Rachel Freitag <a href="mailto:rachel.freitag@audit.wales">rachel.freitag@audit.wales</a>	Carwyn Rees <a href="mailto:carwyn.rees@audit.wales">carwyn.rees@audit.wales</a>
<b>Audit lead</b>	David Tomalin <a href="mailto:david.tomalin@audit.wales">david.tomalin@audit.wales</a>	Lora Gwawr Williams <a href="mailto:lora.williams@audit.wales">lora.williams@audit.wales</a>

I can confirm that my team members are all independent of the Council and your officers. I am not aware of any potential conflicts of interest that I need to bring to your attention.

## Staff secondment

An employee of Audit Wales is on secondment with you. In order to safeguard against any potential threats to auditor independence and objectivity, the following restrictions apply in line with the Financial Reporting Council's Revised Ethical Standard 2024:

- the secondee will not undertake any management responsibilities; and
- the secondment will be for a maximum of 12 months.

# Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our annual [Audit Quality Report](#).



## Our People

- Selection of right team
- Use of specialists
- Supervisions and review



## Arrangements for achieving audit quality Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



## Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

## Further information

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Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

Visit our [website](#) to find:



Our [publications](#) which cover our audit work at public bodies.



Information on our upcoming work and forward work programme for [performance audit](#).



[Data tools](#) to help you better understand public spending trends



Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.



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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	14 May 2026
Subject	Recycling Performance Management
Head of Service	Huw Ynyr
Report Author	Gwyndaf Parry
<b>Reason for Reporting</b> <ul style="list-style-type: none"> <li>• Paragraph 3.4.8.11.3 of the Committee’s Terms of Reference states that “The committee will oversee external audit arrangements, comment on the scope and depth of external audit work and ensure it gives value for money. It will consider external audit reports and will monitor their recommendations.</li> </ul>	

## 1.0 Introduction

1.1 The audit looked at how the Council manages the performance of its recycling service. The audit focussed on the Council’s arrangements for:

- understanding recycling performance;
- strategic and operational planning and communication; and
- value for money.

## 2.0 Findings

2.1 Audit Wales found that **The Council currently has clear and robust arrangements in place to manage its recycling performance effectively.**

2.2 The arrangements include:

- up-to-date strategic and operational plans to respond to recycling targets;
- periodic and detailed reports aiding the Council’s understanding of its recycling service performance and benchmarking;
- involving island residents in its efforts to drive zero waste; and
- routine oversight of contract outcomes and spend.

2.3 However, the Council's ability to achieve value for money depends on how effective its interventions are in improving its recycling performance and reducing the risk of penalties.

2.4 There are no recommendations for the Council.

### **3.0 Recommendation**

3.1 That the Governance and Audit Committee:

- Reviews and gains assurance from the audit examination.

# Recycling Performance Management

Isle of Anglesey County Council

April 2026

We have prepared and published this report under section 17 (2)(d) of the Public Audit (Wales) Act 2004 and section 15 of the Well-being of Future Generations Act (Wales) 2015.

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Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Audit Wales follows the international performance audit standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).

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# Audit snapshot

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## What we looked at

- 1 The audit looked at how the Council manages the performance of its recycling service. The audit focussed on the Council's arrangements for:
  - understanding recycling performance;
  - strategic and operational planning and communication; and
  - value for money.

## Why this is important

- 2 In 2010, the Welsh Government set incremental recycling targets, reaching 70% by March 2025. The Welsh Government's *Beyond Recycling* strategy aims for 75% recycling by 2030 and 100% by 2050, promoting a circular economy. Whilst not statutory targets at this stage, it sets a clear direction to councils to continue improvement in recycling rates.
- 3 Under the same legislation, Welsh Government has the power to fine councils £200 for every tonne of waste that falls short of the 70% recycling target. Missing the target can lead to penalties that equate to approximately £250,000 for every 1% a council falls short. However, Welsh Government has historically stated that imposing fines would be a 'last resort' intervention.
- 4 One of the six strategic objectives in Anglesey's Council Plan 2023-2028 is Climate Change – 'responding to the crisis, tackling change and working towards being a net zero organisation by 2030'. The Plan states the Council will 'establish a household recycling rate at 70%'.

- 5 In 2019-20, Isle of Anglesey County Council reused, recycled, or composted 68% of its residential waste compared to the Welsh average of 65%. By 2024-25, the percentage reported by the Council had fallen to 65% in comparison to the Welsh average of 68%, and the Welsh Government recycling target of 70%.
- 6 In 2024-25, the Wales average expenditure on waste per resident was £114. In the same period, Isle of Anglesey County Council spent £124 per resident<sup>1</sup>.
- 7 We felt it was important to assess if the Council has arrangements in place to understand the performance of its recycling management, to meet the national recycling targets, and to ensure value for money of the service.

## What we have found

- 8 The Council currently has clear and robust arrangements in place to manage its recycling performance effectively. These arrangements include
  - up-to-date strategic and operational plans to respond to recycling targets;
  - periodic and detailed reports aiding the Council's understanding of its recycling service performance and benchmarking;
  - involving island residents in its efforts to drive zero waste; and
  - routine oversight of contract outcomes and spend.

However, the Council's ability to achieve value for money depends on how effective its interventions are in improving its recycling performance and reducing the risk of penalties.

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<sup>1</sup> [Find statistics and data about Wales | StatsWales](#)

## What we recommend

- 9 We have not made any recommendations for the Council. This is because the Council provided sufficient and appropriate evidence corresponding to the audit questions and criteria. This indicated that we could be reasonably assured from the evidence we reviewed that the Council currently has effective arrangements to manage its recycling performance.

## Our findings

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The Council currently has clear and robust arrangements in place that help manage its recycling performance effectively.

### **The Council has a well-developed understanding of how its recycling service performs.**

- 10 The Council has effective governance arrangements where it routinely measures and monitors its recycling performance and presents this information in formal reports. For example, the Council reports on its recycling performance in its corporate scorecards to members and the public and in its statutory returns to Welsh Government. The Portfolio Holder is kept informed of the Council's recycling performance. The Council also meets with its waste contractor, Biffa, every week, which provides ongoing operational checks.
- 11 To aid its understanding of how its recycling service performs, the Council has formally looked into the reasons for its
  - high level of residual waste;
  - lower-than-expected dry recycling yields; and
  - low levels of food waste recycling.
- 12 The Council asked specialist waste industry consultants WRAP Cymru to conduct this work. WRAP Cymru identified interventions that could help improve its recycling performance. These include
  - increasing kerbside recycling;
  - reducing bin sizes for residual waste; and
  - improved community engagement.

- 13 As a result, the Council has since used these insights to inform specific action plans to improve recycling performance.
- 14 The Council looks at comparative information from councils across the UK that also use Biffa as their main waste contractor. The Council compares its recycling performance with other Welsh councils by using data published by
  - WasteDataFlow;
  - Welsh Local Government Association; and
  - waste industry reports.
- 15 This provides the Council with useful insight to support informed decision-making and identify emerging issues. As a result, the Council can target resources for interventions to help improve its recycling performance and help secure value for money.

## **The Council has up-to-date strategic and operational plans to help it meet the current recycling target.**

- 16 The Council has set out a clear strategic direction to help it meet national recycling targets and developed a comprehensive set of operational plans to improve its recycling performance. For example, the 2023-28 Council Plan commits to increasing recycling rates and achieving the current 70% government target. The Council's Resources and Recycling Strategic Plan for 2024-29 sets out four priorities. The Strategic Plan is supported by three detailed action plans that cover communication, improvement and finance.
- 17 Based on the WRAP Cymru findings and other research, the Council's recycling management arrangements include the following up-to-date action plans:
  - Kerbside Intervention Action Plan;
  - Workplace Recycling Action Plan;
  - business continuity plans; and
  - electric vehicle fleet readiness.

- 18 The Council proactively communicates and engages with its residents as key participants in its plans to improve recycling performance. For example, the Council plans its social media engagement with its residents, and it monitors themes in the responses. Recently, the Council held a well-publicised consultation on proposed changes to its waste service. This involved a questionnaire and nine drop-in events and received approximately three thousand responses.
- 19 As a result, the Council's arrangements provide a strong basis for it to plan, fund and deliver improvements to its recycling performance. This should help the Council meet the recycling targets and comply with regulations. However, the Council has also identified that if it decides to implement service changes it will need to amend its operational plans and produce new delivery timescales.

### **The Council has established robust arrangements to secure value for money in its recycling interventions.**

- 20 The Council has established robust arrangements for securing value for money through its routine waste contract and expenditure oversight, supported by financial modelling.
- 21 For example, the Council discusses value for money at monthly performance meetings with its waste contractor Biffa. The Council has arrangements to scrutinise its monthly invoices from Biffa. This process provides the Council with regular opportunities to check invoices against agreed outcomes, variable costs, and contract pricing schedules. The Council has produced short to mid-term financial modelling to compare options for meeting recycling performance targets, including assessing costs, benefits, and risks such as fines.
- 22 The Council has submitted an Initial Strategic Project Assessment to seek Welsh Government support to fund improvements to its waste service. We heard verbal evidence of how the Council has considered income opportunities such as charging fees for its recycling services and sale of materials. The Council already charges for some recycling services, such as garden waste and reviews these fees annually.

- 23 The Council has considered which improvements it could make to its waste and recycling service in terms of cost and outcomes. It has also considered the financial and reputational risk to the Council of not meeting the government recycling targets. As a result, the Council's arrangements allow it to challenge costs, make informed investment choices, and demonstrate economy and efficiency for its recycling service.
- 24 Continued assurance that the Council's recycling management arrangements secure value for money in the longer term and mitigate the risk of financial penalties will depend on
- the changes it decides makes to its waste service; and
  - the timing of the changes and their success.

# Appendices

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# 1 About our work

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## Scope of the audit

The audit reviewed the Council's management of recycling service performance. It focussed on:

- Understanding recycling performance;
- Strategic and operational planning; and
- Value for money.

## Audit questions and criteria

### Questions

Does the Council understand the performance of its recycling service?

Does the Council have a clear strategy and operational plan to respond to national recycling targets?

Does the Council have arrangements in place to secure value for money in its recycling interventions?

### Criteria

The audit criteria were sourced by considering what 'good' looks like in terms of

- compliance with legislation;
- the reasons for current and past performance rates;
- how the Council compares its performance with others;
- how it communicates its recycling targets and performance to stakeholders; and
- how it secures value for money as defined by CIPFA (the Chartered Institute of Public Finance and Accountancy).

## Methods

Our methods for this audit included gathering written and verbal evidence supplied by the Council and validated by the audit team. We met with key officers and reviewed documents corresponding to the audit criteria.

## About us

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The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

Audit Wales is the umbrella term used for both the Auditor General for Wales and the Wales Audit Office. These are separate legal entities with the distinct roles outlined above. Audit Wales itself is not a legal entity.



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ISLE OF ANGLESEY COUNTY COUNCIL		
<b>Report to:</b>	Governance and Audit Committee	
<b>Date:</b>	14 May 2026	
<b>Subject:</b>	Annual Insurance Report 2025-26	
<b>Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>	
<b>Report Authors:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>	Andrew Lewis Insurance and Counter Fraud Officer <a href="mailto:AndrewLewis@anglesey.gov.wales">AndrewLewis@anglesey.gov.wales</a>
<p><b>Nature and Reason for Reporting:</b></p> <p>The Governance and Audit Committee’s Terms of Reference has an explicit requirement for the committee to receive an annual assurance report about its insurance arrangements (3.4.8.7.3) as part of its wider consideration of the council’s assurance framework (3.4.8.7.1).</p> <p>This report provides the committee with information about how the council manages its insurance provision and its challenges going forwards.</p>		

## 1. Introduction

1.1 This report details the council’s insurance arrangements, and recent loss histories for the principal areas of insured risk. The report also provides challenges the council faces going forwards.

## 2. Recommendation

2.1 The Governance and Audit Committee is invited to note the trends identified and consider the mitigations set out in this report.



# Annual Insurance Report 2025-26

April 2026

Marion Pryor BA MA CMIIA CPFA ACFS

Andrew Lewis BA IRRV (DIP) ACFTech



# Contents

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**Cover photo: Trearddur Bay during Storm Éowyn (24 January 2025), the fifth storm of the 2024-25 season**

## Introduction

The council procures insurance cover to protect it against risks. The main insurance policies that the council obtains are:

- **Casualty (public and employers' liability)**
- **Property**
- **Motor**

The **public liability** and **employers' liability** policies indemnify the council against costs and damages that it is legally liable to pay when members of the public, businesses and employees present claims for damages, injury and illness arising from the council's negligence.

The **property** policies compensate the council for damage to its buildings and contents following damage caused by certain perils e.g. fire, storm and include business interruption cover.

**Motor** insurance indemnifies the council against damage or injury caused to a third party by council vehicles and compensates the council for damage to its own vehicles.

Other policies include **Officials' Indemnity, Crime, Professional Negligence, Hirer's Liability and Contractors' Plant**.

Specialist policies are placed for **Marine, Terrorism and Fine Art**.

All claims are initially handled in-house (obtaining reports from services) before being passed to our insurance providers. A [claim form](#) is available on the council's website for claimants to make a claim.

## Insurance structure

The council uses a combination of **self-insurance** and **external insurance** to address the financial consequence of risk. In some cases, whilst the council has arranged external insurance, it self-insures a proportion of the claims paid by opting for a larger **excess**. On some policies, the financial uncertainty is reduced by an aggregate stop (cap); once this is reached, the insurer meets the cost of any further claims.

Since 1 October 2025, the excesses for the council's main insurance policies are as follows:

Policy	Excess
Casualty (Public and Employers' Liability)	£52,500
Motor	£1,000
Property – Schools	£25,000
Property – General Buildings and Housing	£10,000
Property – Smallholdings and Commercial	£2,500

The self-funding of losses is part of the council's overall approach to managing risk. It provides a greater incentive to deal with risk more effectively given that any reduction in claims directly benefits the council. It also reduces the premiums payable and the council's liability for Insurance Premium Tax (currently levied at 12%<sup>1</sup>).

To meet the self-insured element of any claims, the council has established an Insurance Fund in an Earmarked Reserve and an Insurance Provision Account. While it is important to ensure that the Insurance Fund holds sufficient resources to meet its liabilities, there is an opportunity cost of maintaining a greater balance than is needed.

To ensure that the Fund is sufficient to meet the cost of its claims but is not over resourced, the Head of Audit and Risk, in conjunction with the Director of Function (Resources) and Section 151 Officer, reviews the Fund every year.

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<sup>1</sup> Insurance premium tax increased from 6% to 9.5% in November 2015, to 10% in October 2016 and on 1 June 2017, to 12%.

## Current provision

To ensure that the council is able to fully access the insurance market, an insurance broker was contracted using a procurement exercise via the Yorkshire Procurement Organisation<sup>2</sup> (YPO). Insurance brokers play a key role in the procurement of insurance as they are a full-time specialist, with professional skills in handling the insurance business. Marsh was appointed and provided access to insurance expertise and knowledge, and value for money in insurance programme design.

In conjunction with Marsh, a comprehensive tender exercise was conducted in 2024, also utilising the YPO, and attracted quotations from three providers. Following an evaluation exercise, a 3-year contract was awarded to Zurich Municipal (ZM), the incumbent provider, which included the placement of the Casualty, Property, Motor, Crime, Personal Accident and Travel policies. The Long Term Agreement (LTA) commenced on 01/10/2024. Two two-year extensions to this contract are available at 01/10/2027 and 01/10/2029 respectively.

The tender process highlighted that elements of the sums insured provided were out of date. It is an essential policyholder duty to ensure declared sums insured represent the prevailing reinstatement costs including all elements of demolition, clearance, architects' fees, planning and building costs. Inaccurate sums insured can have significant impact in claims settlements potentially leading to multimillion pound shortfalls. Therefore, the council conducted a comprehensive programme to revalue the building sums insured during the first year of the policy.

Following policy renewal in October 2025, external premiums increased, both due to rate increases and as per the LTA. The rate increases are sector-wide and linked to average weekly earnings, therefore not specific to the council. The property element is subject to a fixed annual rate escalator, subject to claims performance tracking below 50% loss ratio. Although this was breached during the year, ZM maintained the escalator at the rate agreed in the LTA.

In conjunction with Marsh, we also separately placed Marine, Terrorism, and Fine Art policies with specialist providers.

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<sup>2</sup> The YPO was established in 1974 by a group of 13 local authorities. It works with suppliers and collaborates with other public sector buying organisations to achieve efficiencies and value for money, returning all its profits back to the public sector.

## Claims summary

This report provides a summary of claims made against or made under the council's external and internal insurance arrangements for the period **01/04/25 – 31/03/26** (based on the date the incident occurred, and not the date the claim was made or presented). The cost of the claim is the total cost to both the council and its insurer, inclusive of damages and costs. When relevant and insightful, the 2025-26 claims experience will also be analysed in their short- and medium-term context.

The summary of claims included in [Appendix A](#) of this report provides a breakdown per policy, per **financial year of incident** of the number of claims for a five-year period, since 2021-22 that have:

- been paid i.e. settled
- been resolved and no compensation paid i.e. repudiated
- not been resolved

The summary also includes the amount paid in respect of those settled claims and the amount reserved against those unresolved claims.

Not all outstanding claims with reserves against them will ultimately be paid, nor will they necessarily be paid for the whole reserved amount. This is especially true for liability claims, where cases with substantial reserves frequently settle for significantly lower sums—or, in some instances, are resolved with no payment at all.

The total number of claims may also rise over time, as some claims are not submitted until several years after the underlying event. For example, a child injured in primary school has until three years after turning 18 to bring a claim. As a result, both the volume of claims and the amounts reserved and paid will continue to change over time.

Overall, the council's insurance claims profile remains manageable, with stable claim volumes and strong repudiation rates. However, the increase in ongoing claims and the significant rise in property-related incidents represent emerging risks that require continued monitoring and proactive management.

## Claims record and trends

### Employers' Liability Claims

Reassuringly, the number of personal injury claims submitted by our employees remains low, averaging 1.5 per year over the preceding five-year period. Most of these claims arise from specific workplace accidents.

During 2025-26, one new employers' liability claim was made against the council. The alleged injuries were declared to have resulted from defective council equipment, with inadequate control measures in place to mitigate the risks of such defective equipment. On the advice of our insurers, liability has been admitted, and negotiations for an out-of-court settlement are currently ongoing.

### Public Liability Claims

The number of public liability (PL) claims received has remained relatively consistent over the last five years. Repudiation rates are consistently high and paid settlements fluctuate but remain modest.

During 2025-26, the council received 55 new PL claims. Thirty-four of these PL claims related to Highways e.g. damage to vehicles because of potholes, trips on uneven and slippery surfaces and drainage issues.

Thirteen of these PL claims related to damage and or injury resulting from alleged housing maintenance issues e.g. leaks from radiators and boilers, burst pipes and uneven garden paving slabs.

The remaining eight claims related to alleged damage and/or injuries linked to activities / negligence of other council services such as Property, Maritime, Adult, Children's and Leisure.

81% (13 of 16) of the PL claims that have been fully investigated and determined have been repudiated, which is positive news and an improvement on the repudiation rate of 70% for 2024-25.

However, 71% (39 of 55) of PL claims relating to 2025-26 have yet to be concluded, as many highways-related claims are received during or after the winter months i.e. potholes are a particular hazard in winter when water in small cracks in the road freezes and then expands in the cold. When the temperature then rises, the water evaporates, leaving gaps in the road surface.

### Motor Claims

Over the last five years, the frequency of claims increased significantly before stabilising and paid amounts remain consistent year-on-year.

In 2025-26, 53% (18 of 34) of our motor claims were the fault of our own drivers. These accidents resulted in damage to our own vehicles, to third-party vehicles and in many cases, damage to both parties. To mitigate the risk of these incidents reoccurring, our Fleet Section monitors collisions and speeding offences committed in council vehicles and arranges driving assessments for repeat offenders.

## Property Claims

Property claim numbers and costs have been highly volatile and this area represents the council's largest financial exposure.

### Storm

During 2024-25, the 90+ mph winds of Storm Darragh in December 2024 caused significant damage to our estate of smallholdings – this resulted in 29 claims of varying values against our property policy, several of which are still ongoing. Storm Darragh also damaged solar panels at the Caban at Ysgol Gynradd Y Fali.

Whilst the number of property claims in 2025-26 reduced significantly compared to 2024-25, the damage suffered and therefore the total claim costs were unfortunately significant. In December 2025, Holyhead Leisure Centre was temporarily shut after part of the roof was blown off during the strong winds of Storm Bram. Despite being the only storm related claim made in 2025-26, due to its significant value, this, along with our 2024-25 claims experience will also negatively influence our premiums at October 2026 renewal.



### House Fires

In 2025- 2026, two properties within our housing stock were affected by significant fires. Fortunately, no injuries were reported. Displaced tenants were promptly rehoused, and the damaged properties have been, or are currently being, fully restored.

Regrettably, these incidents reflect a concerning pattern, as two fires were also recorded within our housing stock during 2024–25 which resulted in large claims. The causes of these fires were linked to tenant actions rather than electrical faults or maintenance gaps. Tenant behaviour/actions can profoundly influence fire risk and therefore to address this risk fairly, proportionately, and without attributing blame, the Housing service has provided support through fire safety education and referrals to support services.

These claims will lead to an increase in our property premiums in the October 2026 renewal, as per the terms of Long-Term Agreement.

## Pre-2021 Claims

[Appendix A](#) sets out the claims arising during the period from 1 April 2021 to 31 March 2026. However, two public liability claims (linked to Children's Social Services) dating back to 2018 remain open. The outstanding reserves currently allocated by our insurers for these claims total approximately £204,000, with expenditure relating to legal fees already incurred. These claims illustrate that certain claims may take many years to be reported and fully resolved.

## Challenges and opportunities

Loss of insurer capacity, foreign wars and escalating reinsurance<sup>3</sup> costs are all factors that have contributed to a hardened insurance market over recent years. However, driven by increased insurer competition, commercial insurance trends are improving. Premiums are falling across all classes of insurance and insurers are more willing to negotiate improved terms and conditions, with insurance pricing back to pre-pandemic norms.<sup>4</sup>

Although the insurance market has improved, globally, the risk landscape continues to look complex and increasingly fractured. In the space of just a few years we have faced Covid, the effects of high inflation, social unrest, and the rise of geopolitical tension including ongoing conflicts in Europe and the Middle East. Organisations are having to grapple with the opportunities and risks arising from new technologies, including Artificial Intelligence, while maintaining their focus on building sustainable business practices and the journey to net zero.

The council owns and manages approximately 4,000 homes across the Island. Despite the council fulfilling and complying with the original Welsh Housing Quality Standard (WHQS)<sup>5</sup> requirements since 2012, several claims alleging housing disrepair are received annually. Although there is no insurance policy to cover for disrepair compensation, these claims can result in associated public liability claims. Whilst disrepair claims are not reflected in the statistics presented in Appendix A, council resources are required to investigate claims, rectify any issues, and pay compensation and costs where required.

In addition to the new Welsh Housing Quality Standard 2023, which builds on its WHQS predecessor, from 1 April 2026 a new element has been added to the Standards. The focus of this new element is to set a clear rule about how social landlords should respond to damp, mould and other hazards in line with the Housing Health and Safety Rating System (HHSRS) hazards. These hazards must be investigated within certain timescales.

Non-compliance with WHQS 2023 creates clear public liability exposure for the council as a social landlord because the Standard is now tightly linked to hazard response, tenant safety, and statutory duties. The most direct risks arise where failures lead to HHSRS hazards, delayed repairs, or inadequate safety management – all of which can result in injury, illness, or property damage.

Across Wales, the effects of climate change are becoming more increasingly visible. Recent years have brought more intense storms (as experienced by our storm related claims),

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<sup>3</sup> Reinsurance is a mechanism through which insurers purchase insurance from other insurers to protect themselves against significant or catastrophic losses. For example, an insurer may underwrite a building valued at £100 million but obtain reinsurance for any loss exceeding £50 million, thereby limiting its direct exposure to the first £50 million.

<sup>4</sup> Insurance Market Review, Marsh, February 2026

<sup>5</sup> The Welsh Housing Quality Standard (WHQS) is the Welsh Government standard of housing quality. The WHQS was first introduced in 2002 and aims to ensure that all dwellings are of good quality and suitable for the needs of existing and future residents. The Welsh Government set a target for all social landlords to improve their housing stock to meet the WHQS as soon as possible, but in any event by 2020. The Housing (Wales) Act 2014 reaffirmed this requirement.

repeated flooding, accelerated coastal erosion in communities and record heatwaves that have strained local infrastructure. As global temperatures continue to rise, these events are expected to become more frequent and even more damaging.

The human impact is severe: families displaced, homes repeatedly repaired or abandoned, and communities facing ongoing disruption. Local authorities are under growing pressure to strengthen flood defences and adapt essential services.

These environmental pressures also have significant implications for insurers. Claims for storm damage are increasing in both volume and cost. As historical weather patterns become less reliable, insurers must reassess pricing, risk models, and long-term sustainability in a rapidly changing climate.

Despite the volume of motor personal injury claims falling to their lowest level on record<sup>6</sup>, continuing a long-term downward trend, according to the Association of British Insurers (ABI)<sup>7</sup> motor claims inflation is rising much faster than general inflation, led mainly by more expensive vehicles, complex technology, labour shortages, and growing injury-related costs.

Given the wider, consistently uncertain global economic context resulting again in inflation pressures, and the council's more recent property claims record, our insurance premiums will undoubtedly rise in the coming years.

Demonstrating to our insurers that the council has identified and acted upon lessons arising from significant claims (e.g. fires), and that robust processes and controls are in place to manage risk, will therefore be essential in minimising such future premium increases.

Effective risk management also reduces the council's self-insured losses and may enable the council to assume a greater level of risk through higher excesses and deductibles. This, in turn, helps maintain an appropriate balance between the risks transferred to insurers and the overall cost of insurance premiums.

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<sup>6</sup> Data from the Compensation Recovery Unit shows a 24% drop in Road Traffic Accident (RTA) personal injury claims in Q4 2025 to 63,833, the lowest quarterly figure recorded. Across 2025, motor claims fell 14% to 282,428, and total personal injury claims declined 12% to 413,323. Compared with 2018, this represents a 58% reduction in motor claims and a 53% reduction in all personal injury claims.

<sup>7</sup> [Guest blog - Motor claims inflation: Causes, consequences and what comes next | ABI](#)

## Appendix A – Claims Summary

Policy	Financial Year of incident	Claims received	Claims Settled-Paid	Claims Settled-Repudiated	Ongoing claims	Amount paid in respect of settled claims	Estimated amount reserved for ongoing claims
Public Liability	2021/2022	50	9	38	3	£36,441.40	£65,972
	2022/2023	61	12	46	3	£77,909.40	£30,189
	2023/2024	60	17	41	2	£36,814.65	£38,025
	2024/2025	54	15	35	4	£15,510.29	£21,621
	2025/2026	55	3	13	39	£6,476	£89,436
Employers' liability	2021/2022	3	2	0	1	£5,480	£25,094
	2022/2023	1	0	1	0	£0.00	£0.00
	2023/2024	1	0	1	0	£0.00	£0.00
	2024/2025	0	0	0	0	£0.00	£0.00
	2025/2026	1	0	0	1	£0.00	£15,999
Motor	2021/2022	22	18	4	0	£34,102	£0.00
	2022/2023	28	27	1	0	£44,640	£0.00
	2023/2024	42	30	12	0	£44,234	£0.00
	2024/2025	32	24	7	1	£25,438	£5,600
	2025/2026	34	26	1	7	£36,401	£25,815
Property	2021/2022	25	17	8	0	£67,019	£0.00
	2022/2023	9	6	3	0	£44,979	£0.00
	2023/2024	12	6	6	0	£159,633	£0.00
	2024/2025	37	18	4	15	£126,606	£472,000
	2025/2026	4	0	1	3	£0.00	£594,367
Other	2021/2022	1	1	0	0	£3,600	£0.00
	2022/2023	1	0	1	0	£0.00	£0.00
	2023/2024	1	1	0	0	£5,000	£0.00
	2024/2025	0	0	0	0	£0.00	£0.00
	2025/2026	0	0	0	0	£0.00	£0.00

ISLE OF ANGLESEY COUNTY COUNCIL	
<b>Report to</b>	Governance and Audit Committee
<b>Date</b>	14 May 2026
<b>Subject</b>	Review of Forward Work Programme for 2026-27
<b>Head of Service</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<p><b>Nature and Reason for Reporting</b> A Forward Work Programme for 2026-27 is provided to the members of the Governance and Audit Committee to assist them in fulfilling the Committee’s Terms of Reference.</p>	

## 1.0 INTRODUCTION

- 1.1 A forward work programme is attached at [Appendix A](#), along with a development programme at [Appendix B](#).
- 1.2 The programme has been developed considering the Committee’s terms of reference and its responsibilities under the Local Government and Elections (Wales) Act 2021.

## 2.0 RECOMMENDATION

- 2.1 That the Governance and Audit Committee:
  - considers whether the Forward Work Programme proposed for 2026-27 meets the Committee’s responsibilities in accordance with its terms of reference.

## Appendix A – Forward Work Programme 2026-27

Core Function	25 June 2026	16 July 2026	28 September 2026	3 December 2026	11 February 2027	15 April 2027
<b>Composition and arrangements (3.4.8.2)</b>						Annual Review of Committee's Terms of Reference (3.4.8.2.1)  Private meeting with internal and external audit without officers present (3.4.8.2.6) (3.4.8.10.15) (3.4.8.11.5)
<b>Accountability arrangements (3.4.8.3)</b>	Action Log  Review of Forward Work Programme 2026-27 (3.4.8.3.2)  Annual Chair's Report 2025-26 (3.4.8.3.1/2)	Action Log  Review of Forward Work Programme 2026-27 (3.4.8.3.2)	Action Log  Review of Forward Work Programme 2026-27 (3.4.8.3.2)	Action Log  Review of Forward Work Programme 2026-27 (3.4.8.3.2)	Action Log  Review of Forward Work Programme 2026-27 (3.4.8.3.2)	Action Log  Review of Forward Work Programme 2027-28 (3.4.8.3.2)
<b>Governance (3.4.8.4)</b>		Draft Annual Governance Statement 2025-26 (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) (3.4.8.8.2)	Final Annual Governance Statement 2025-26 (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) (3.4.8.8.2)  Annual Scrutiny Report 2025-26 (3.4.8.4.4)			

Core Function	25 June 2026	16 July 2026	28 September 2026	3 December 2026	11 February 2027	15 April 2027
<b>Treasury Management (3.4.8.5)</b>		Annual Report 2025-26 (3.4.8.5.1/2/3/4)		Mid-year Report (3.4.8.5.3)	Strategy and Prudential Indicators 2027-28 (3.4.8.5.1/3/4)	
<b>Value for money (3.4.8.6)</b>	Annual Internal Audit Report 2025-26 (3.4.8.10.6/7/8/9/12/14/15) (3.4.8.6.3)	Draft Annual Governance Statement 2025-26 (3.4.8.4.1/2/3) (3.4.8.6.1/2/3)  Draft Statement of Accounts 2025-26 (3.4.8.12.1/2) (3.4.8.6.1/2/3)	Final Annual Governance Statement 2025-26 (3.4.8.4.1/2/3) (3.4.8.6.1/2/3)  Final Statement of Accounts 2025-26 (3.4.8.12.1/2) (3.4.8.6.1/2/3)  Audit of Accounts Report (3.4.8.11.2/3) (3.4.8.6.3)		Annual Audit Summary 2026 (3.4.8.11.2/3) (3.4.8.6.3)	
<b>Assurance Framework (3.4.8.7)</b>		Annual Health & Safety Report 2025-26 (and Corporate Health and Safety Strategic Plan) (3.4.8.7.1/2/3)		Annual Information Governance (SIRO) Report 2025-26 (3.4.8.7.1/2/3)  Annual Information Governance in Schools Report 2025-26 (3.4.8.7.1/2/3)  Annual ICT Security Report 2025-26 (3.4.8.7.1/2/3)		Annual Insurance Report 2026-27 (3.4.8.7.1/2/3)

Core Function	25 June 2026	16 July 2026	28 September 2026	3 December 2026	11 February 2027	15 April 2027
<b>Risk Management (3.4.8.8)</b>		Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1)		Annual Review of Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1)	Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1)	
<b>Countering Fraud and Corruption (3.4.8.9)</b>		Annual Counter Fraud, Bribery and Corruption Report 2025-26 (3.4.8.9.4/5/6)		<i>Annual Concerns, Complaints &amp; Whistleblowing Report 2025-26</i> (3.4.8.9.1) (3.4.8.14.2)		National Fraud Initiative 2026-28 Outcomes – Progress Report (3.4.8.9.6)
<b>Internal Audit (3.4.8.10)</b>	Annual Internal Audit Report 2025-26 (3.4.8.10.5/6/7/8/11/14/15) (3.4.8.6.3)  Internal Audit Strategy and Annual Plan 2026-27 (3.4.8.10.1/2/4/5)  Review of Internal Audit Charter (3.4.8.10.2/12)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)  Outstanding Issues / Risks / Opportunities (3.4.8.10.9/10)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)  Internal assessment of conformance with the Global Internal Audit Standards in the UK Public Sector (3.4.8.10.1/2/8/11/13)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)  Outstanding Issues / Risks / Opportunities (3.4.8.10.11)
<b>External Audit (3.4.8.11)</b>		Recruitment and Retention (Local Report) (3.4.8.11.1/2/3)	Work Programme and Timetable – Quarterly Update (Q1 2026) (3.4.8.11.2/3)	<i>National Reviews and their Related Recommendation</i> (3.4.8.11.3) (3.4.8.13.1)	Work Programme and Timetable – Quarterly Update (Q3 2026) (3.4.8.11.2/3)	Annual Audit Plan 2027 (3.4.8.11.1/3)

Core Function	25 June 2026	16 July 2026	28 September 2026	3 December 2026	11 February 2027	15 April 2027
			<p>Audit of Accounts Report (3.4.8.11.2/3) (3.4.8.6.3) (3.4.8.12.4)</p> <p>Financial planning in adult residential care (Local Report) (3.4.8.11.2/3)</p>		<p>Annual Audit Summary 2026 (3.4.8.11.1/2/3) (3.4.8.6.3)</p>	
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2025-26 (3.4.8.12.1/2/3/5) (3.4.8.6.1/2/3)	Final Statement of Accounts 2025-26 (3.4.8.12.1/2/3/5) (3.4.8.6.1/2/3)			
Other regulators and inspectors (3.4.8.13)				National Reviews and their Related Recommendation (3.4.8.11.3) (3.4.8.13.1)		
Complaints Handling (3.4.8.14)				<p>Annual Concerns, Complaints &amp; Whistleblowing Report 2025-26 (3.4.8.14.1/2)</p> <p>Annual Letter of the Public Services Ombudsman for Wales 2025-26 (3.4.8.14.1)</p>		

Core Function	25 June 2026	16 July 2026	28 September 2026	3 December 2026	11 February 2027	15 April 2027
Self-assessment (3.4.8.15)			Draft Annual Self-assessment and Performance (Wellbeing) report 2025-26 (3.4.8.15.1/2/3)			
Panel Performance Assessment (3.4.8.16) <sup>1</sup>	Panel Assessment Report (3.4.8.16.1/2/3)					
Auditor General Special Inspection (3.4.8.17) <sup>2</sup>						
Substantive Items	5	8	9	8	7	7

<sup>1</sup> At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the council. The council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021). The council must make a draft of its response to the panel performance assessment available to its Governance and Audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

<sup>2</sup> If the Auditor General carries out a special inspection (as it considers the Council is not, or may not, be meeting its performance requirements, and a report is sent to Council, as soon as reasonably practicable after receiving such report, the Council must make it available to the Governance and Audit Committee.

## Appendix B – Development Programme (3.4.8.2.10)

### Committee-specific training

Area	Date provided	Medium	Provider	Date scheduled
Introduction to Artificial Intelligence and Risk Mitigation	February 2025	Briefing session	Chief Digital Officer	
Understanding Local Authority Accounts for Councillors	June 2023 August 2023	Training session Training session	CIPFA CIPFA	
Treasury Management	September 2023	Briefing session	Richard Bason, Link Group	
Effective Chairing Skills	October 2023	Training session	WLGA	
Countering Fraud and Corruption	December 2023	Training session	Paul Stratton, 'The Fraud Nerd'	
Risk Management	March 2024 December 2025	Training session Training session	WLGA Zurich Resilience Solutions	
Statement of Accounts	October 2025	Briefing session	Marc Jones, Director of Function (Resources) and Section 151 Officer	

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### Mandatory training

Area	Medium	Provider	Date Provided / Scheduled
General Data Protection Regulations (GDPR)	eLearning	Internal	Available any time
Cyber Ninjas for Councillors	eLearning	Internal	Available any time
Basic Safeguarding Awareness (Group A)	eLearning	Internal	Available any time
Violence Against Women, Domestic Abuse and Sexual Violence (optional for lay members)	eLearning	Internal	Available any time
Prevent (optional for lay members)	eLearning	Internal	Available any time
Modern Slavery (optional for lay members)	eLearning	Internal	Available any time

## Committee-specific briefings

Title	Area	Medium	Provider	Date Provided
Audit Committee Update – Issue 40: New Internal Audit Standards	Forthcoming <a href="#">changes</a> to the internal audit standards and how that will impact on audit committee members.	Briefing note	CIPFA	24/12/24
CIPFA Better Governance Newsletter	Information for audit committees regarding the publication of the CIPFA Code of Practice to support authorities in establishing and maintaining their internal audit arrangements, along with information about the consultation on the Addendum to the 2016 Governance Framework covering the annual review of governance and the annual governance statement.	Newsletter	CIPFA	07/02/25
Audit Committees: effective practices and a positive impact pocket guide	Audit Wales has published a <a href="#">pocket guide</a> which summarises effective practices for audit committees.	Pocket guide	Audit Wales	25/02/25
Audit Committee Update – Issue 42: Governance of Internal Audit	The new <a href="#">Code of Practice</a> on the Governance of Internal Audit that comes into effect from 1 April 2025.	Briefing note	CIPFA	17/04/25
CIPFA Public Finance Article – AI adoption ‘could save English and Welsh councils £8bn a year’	<a href="#">Article</a> which estimates that local authorities in England and Wales could save £8bn annually by integrating artificial intelligence into their operations.	Professional magazine article	CIPFA	15/05/25
CIPFA / Solace Delivering Good Governance in Local Government: Publication of Addendum	Publication of new <a href="#">guidance</a> on the annual review of governance and internal controls and the preparation of the annual governance statement (AGS) that comes into effect for the 2025-26 financial year.	Publication	CIPFA	20/05/25
CIPFA Public Finance Article – Tech rules: the importance of having an AI policy	<a href="#">Article</a> on the importance of organisations having an Artificial Intelligence (AI) policy.	Professional magazine article	CIPFA	15/07/25
North Wales Corporate Joint Committee - FAQs	Information about the role of the North Wales Corporate Joint Committee (NWCJC) and the Governance and Audit Committee sub-committee.	Frequently asked questions	NWCJC	02/12/25